

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name ALLEGAN COUNTY	County ALLEGAN
Audit Date 12/31/05	Opinion Date 6/23/06	Date Accountant Report Submitted to State: 6/30/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) REHMANN ROBSON			
Street Address 2330 EAST PARIS AVENUE SE, P.O. BOX 6547	City GRAND RAPIDS	State MI	ZIP 49516-6547
Accountant Signature 		Date 6/30/06	



COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2005

Prepared by:
Allegan County Budget and Finance Department

ALLEGAN COUNTY

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Budget and Finance Department
Allegan County Administration
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Fax (269) 673-0367

June 29, 2006

TO COUNTY OF ALLEGAN CITIZENS AND OTHER INTERESTED PERSONS:

The *Comprehensive Annual Finance Report of the County of Allegan (CAFR)* for the fiscal year ended December 31, 2005, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the data as presented is accurate in all material respects and reported in a manner that fairly sets forth the financial position and results of operations of the various funds of the County. All disclosures considered necessary to enable the reader to gain an understanding of the County's financial activities are included.

The report is comprised of three sections. The *Introductory Section* includes the table of contents, letter of transmittal, and organizational data. The *Financial Section* includes the Independent Auditor's Opinion, the Management Discussion and Analysis, Basic Financial Statements, Notes to the Financial Statements and the Combining and Individual Fund Statements and Schedules. The *Statistical Section* includes tables that reflect economic and financial data and trends, together with the current fiscal capacity of the County.

The *Notes to Financial Statements* are considered to be an integral part of the report and should be read for a more complete understanding of the statements and information presented therein.

Management's discussion and analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A compliment this letter of transmittal and should be read in conjunction with it.

GENERAL BACKGROUND INFORMATION

The County of Allegan is located in the western portion of the state, bordering Lake Michigan and approximately 65 miles north of the Michigan-Indiana border. The U.S. Census Bureau's final 2000 population stands at 105,665, a 16.7% increase from the 1990 census figure of 90,683. The County includes an area of 829 square miles divided into 24 townships, 3 villages and 6 cities.

The County was incorporated in 1835, under authority and provisions established by the State of Michigan. The County is organized as a Commissioner-Administrator form of government. The Commission is comprised of eleven members elected by district. The County Administrator is responsible to implement and administer policies and programs delineated in the annual budget and by various actions of the Commission. An organization chart is included to define the total governmental structure.

The County Charter requires a *Road Commission* and a *Drain Commission/Department of Public Works (DPW)* appointed by the County Commission, together with management and support staff, to administer and operate the County's roads and drains. These two entities are included in this report as discretely presented component units and are part of the County reporting entity as defined by generally accepted accounting principles.

GENERAL BACKGROUND INFORMATION

(Continued from Previous Page)

The County government's employed staff includes 599 full-time positions, and approximately 298 part-time positions. The full-time workforce is composed of a base of non-union plus eleven organized labor bargaining units as follows:

<u>Employee Group</u>	<u>Affiliation</u>	<u>Member Status</u>
Assistant Prosecuting Attny	Allegan County Assistant Prosecutors	7
Non-Salaried Court Employees	48 th Circuit Court, Probate Court, and 57 th District Court Employees Association	99
Salaried Court Employees	Salaried Employees Association of the 48 th Circuit Court, Probate Court, and 57 th District Court	11
Sheriff Deputies	Police Officers Labor Council	47
Sheriff's Department Command Officers (Road)	Police Officers Labor Council	12
Telecommunicators	Governmental Employees' Labor Council (GELC)	14
Clerks, Secretaries, Technicians, Custodians, Maintenance	Governmental Employees' Labor Council (GELC)	60
Corrections Officers	Police Officers Labor Council/Governmental Employees' Labor Council	23
Sheriff's Department Command Officers (Corrections)	Police Officers Labor Council	7
Telecommunicator Supervisors	Governmental Employees' Labor Council (GELC)	3
Non-Union	None	516
SEIU	Service Employees International Union	10

The County enjoys a well-diversified property tax base mix of residential (67.34%), commercial (9.06%), industrial (4.61%), agricultural (12.48%) and all other (6.51%). The County's industrial sector includes a diversification of manufacturing, including pharmaceuticals, office systems & furniture, auto and truck parts, boats, corrugated paper, food products, and several other industries.

ECONOMIC CONDITIONS OF THE COMMUNITY

The County of Allegan has enjoyed sustained growth of its business and residential communities throughout the decades of the 1970's and 1980's and into the 1990's, both in terms of increases in property tax base and the overall employment environment. This growth trend has flattened out during the 2000's, but it is fully expected to recover and continue well into the upcoming years based on the availability of developable land and the County's proximity to Holland, Kalamazoo, and Grand Rapids (the state's second largest city). Property values in the

County continue to rise at a rate 4-5 times the Consumer Price Index. Because of the diversity of the business community within the County of Allegan, economic downturns have generally not been as severe as in several other areas of the State whose economies are centered around one type of industry, such as automotive.

Due to recent economic downturns, the most recent Manpower Inc. survey of major employers in the greater Allegan area indicates stagnant net hiring for the next three to six months. New development and economic growth in both the commercial and industrial sectors has continued to grow slowly throughout calendar year 2005. Tax base growth has averaged 6.95% annually over the past four years and includes residential, industrial, and commercial growth. The county's population growth reflects growing housing demand driven by increased employment opportunities in the surrounding metropolitan areas. The projection for calendar year 2005 is for the local area economy to strengthen and maintain slow growth.

This report consists of management's representations concerning the finances of Allegan County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Allegan County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Allegan County financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Allegan County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The annual budgeting process is conducted in accordance with *State of Michigan Act 621 of 1978*, as amended. Formal budgets are established for the General Fund, all Special Revenue Funds, and the Debt Service Fund.

Budget controls are maintained at an *Activity* level within the general, special revenue and debt service funds. An activity is most often the highest hierarchy level within a fund, such as a department. From an expenditure control perspective, an activity/department is restricted by its total budgeted appropriation. Expenditure accounts within an activity budget are not controlled at the line-item *Object* level, but rather in summary at the activity level.

AWARD

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Allegan for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the efficiency and commitment provided by the entire Finance staff.

Appreciation is extended to all employees who assisted in the preparation of this report in a responsible, accurate and timely manner.

We also wish to thank the Board of Commissioners for their ongoing support in providing the public with an outstanding financial document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Rob Sarro", is positioned above a horizontal line.

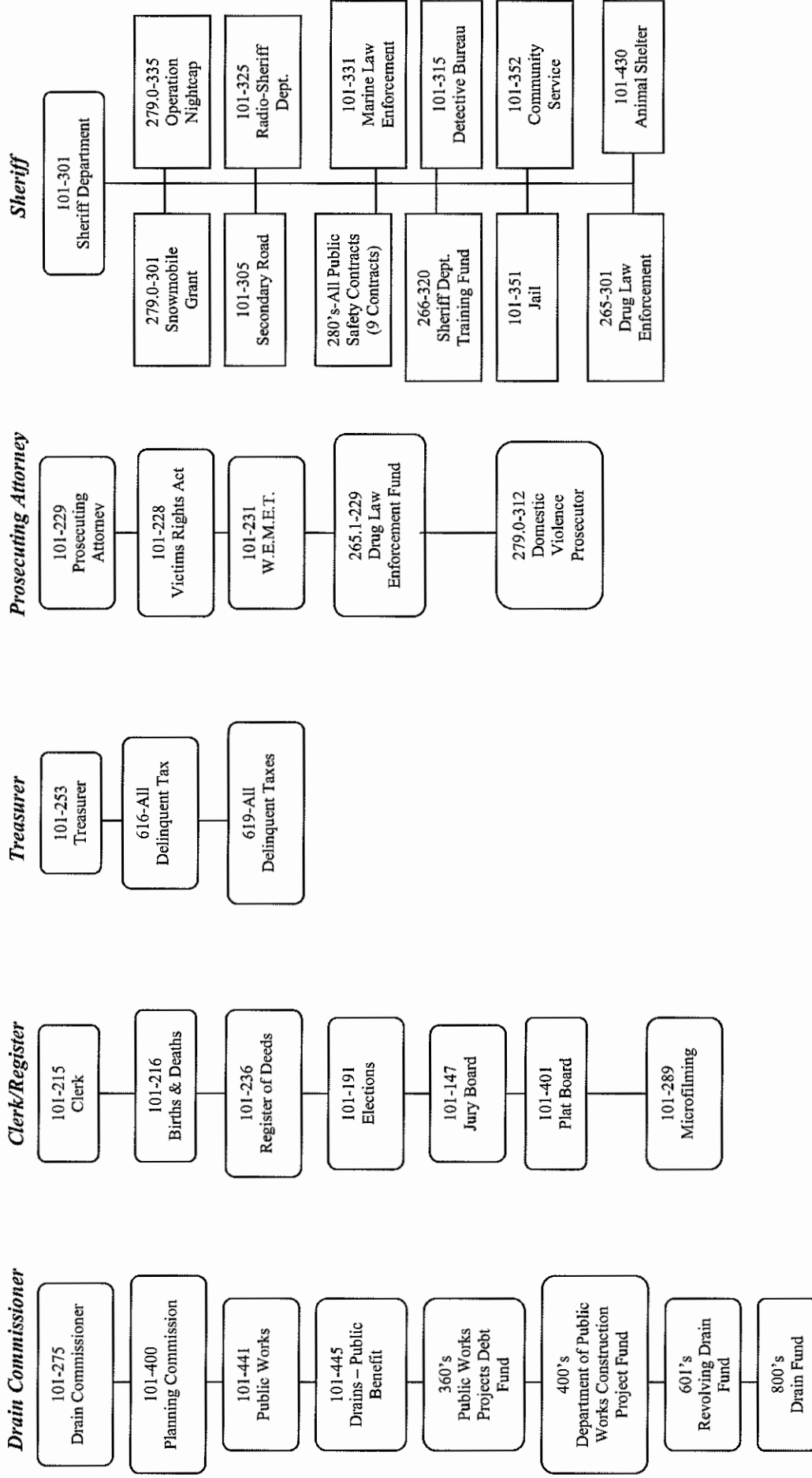
Rob Sarro
Interim County Administrator

Organizational Chart Identifying Funds & Activities Within the Administration Department



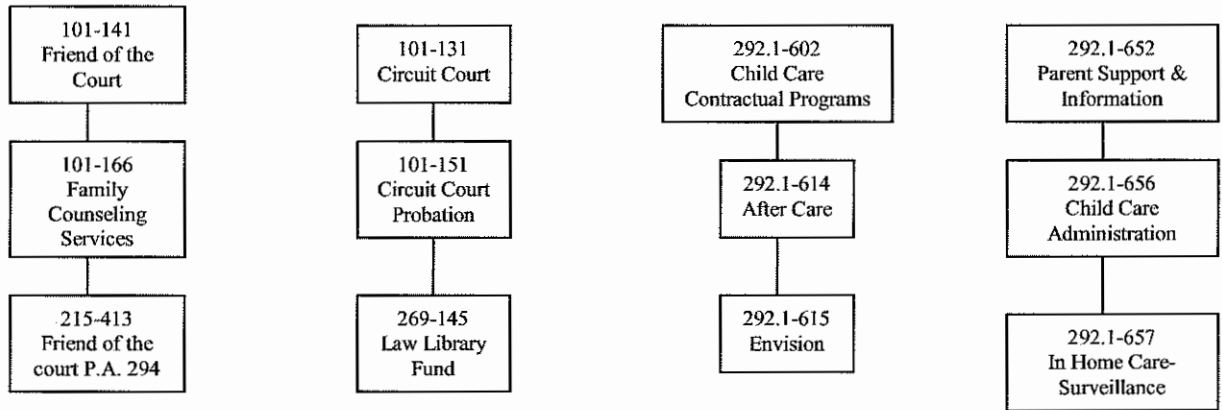
Elected Officials

Organizational Chart
Identifying Funds & Activities Responsible to the Appropriate Department

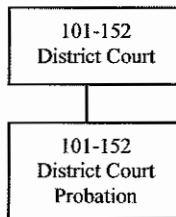


Judicial
Organizational Chart
Identifying Funds & Activities within each Court

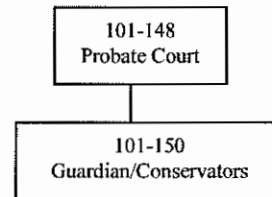
Family Court



District Court



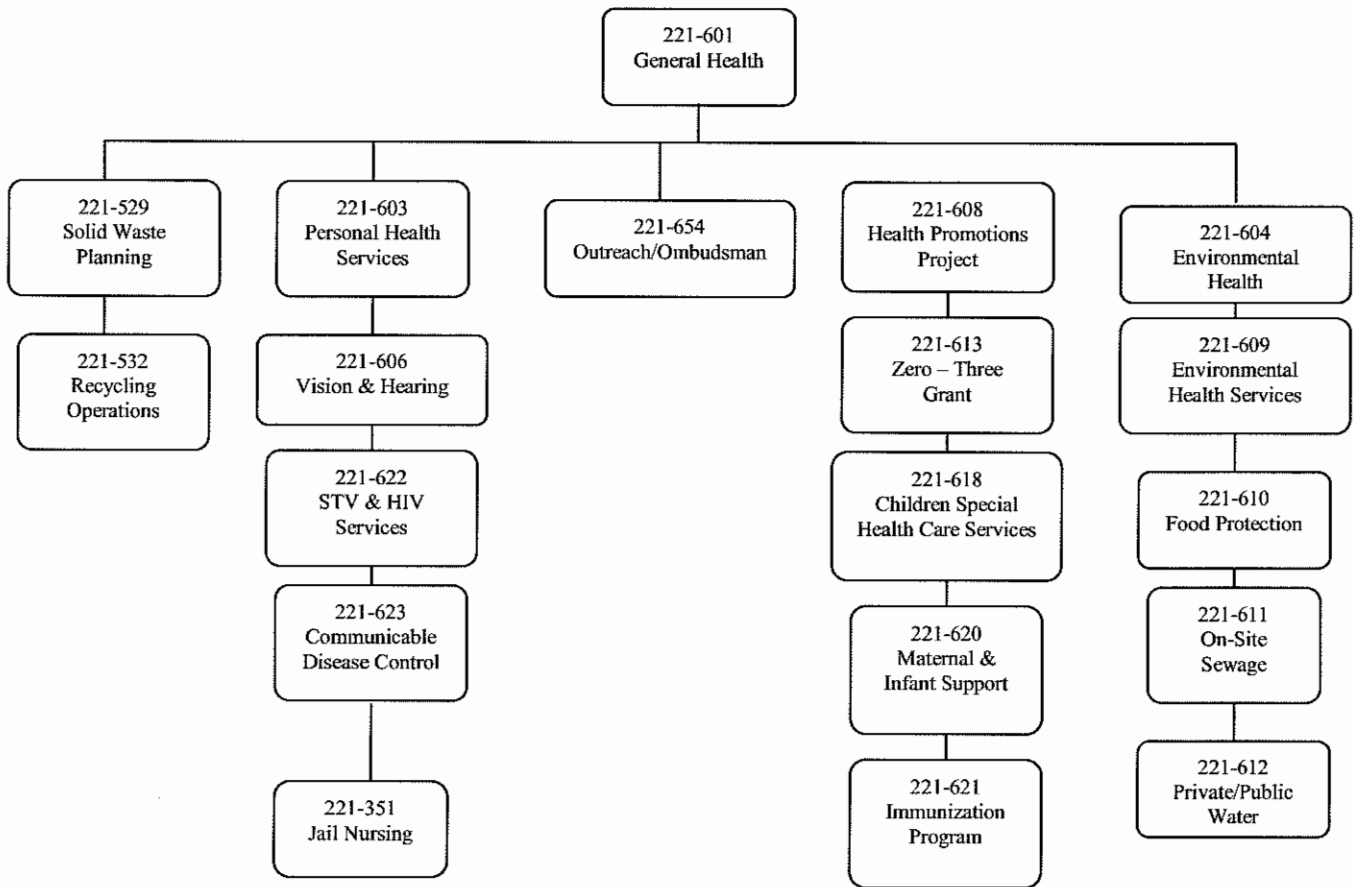
Probate Court



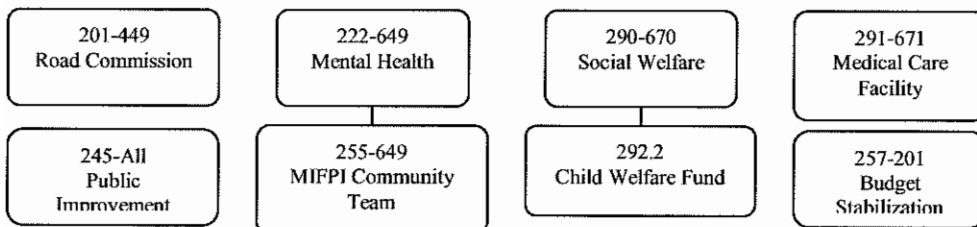
Health Department

Organizational Chart

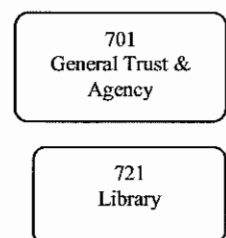
Identifying Other Department Funds



Other Funds & Activities



Trust & Agency



ALLEGAN COUNTY

PRINCIPAL COUNTY OFFICIALS

December 31, 2005

Elected Members of the County Commission

Commission Member, First District	Randy Brink
Commission Member, Second District	Steve McNeal
Commission Member, Third District	Paul VanEck
Commission Member, Fourth District	Mark DeYoung
Commission Member, Fifth District	Kimberlee VanLangevelde
Commission Member, Sixth District	Max Thiele
Commission Member, Seventh District	Don Black
Commission Member, Eighth District	David Babbitt
Commission Member, Ninth District	Lou Thierwechter
Commission Member, Tenth District	Jon Campbell
Commission Member, Eleventh District	Larry Jones

Staff Officials Appointed by County Commission

County Administrator	Michael Lombardo
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Staff Officials Appointed by County Administrator

Interim County Administrator	Rob Sarro
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Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Allegan,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



INDEPENDENT AUDITORS' REPORT

June 23, 2006

County Board Of Commissioners
Allegan County
County Courthouse
Allegan, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Allegan County, Michigan. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Road Commission, representing 85% of the assets and 85% of the program revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Road Commission, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2006 on our consideration of Allegan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-14 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Allegan County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of Allegan County's basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large initial 'L'.



ALLEGAN COUNTY BUDGET AND FINANCE DEPARTMENT

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Management's Discussion and Analysis

As management of Allegan County, we offer readers of the Allegan County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2005. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets of Allegan County exceeded its liabilities at the close of fiscal year 2005 by \$63,924,051 (*net assets*). Of this amount, \$26,631,509 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. The County's obligations totaled \$22,813,861 as of December 31, 2005.
- At December 31, 2005, the County's governmental funds reported combined ending fund balances of \$26,648,943, an increase of \$4,257,773.
- At December 31, 2005, unreserved fund balance for the General Fund was \$1,149,037, or 5.1% of general fund expenditures.
- Governmental funds revenues increased by \$526,320 or 2.1% over the prior fiscal year.
- Total noncurrent liabilities in the Primary Government decreased by \$1,652,637, from \$10,825,061 to \$9,172,424 during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in MD&A future fiscal periods (e.g., accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include governmental operations.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, health, mental health, central dispatch and revenue sharing reserve funds, each of which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for its general, special revenue and debt service funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 18-26 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its information services contracts, assessing and mapping activities, and

delinquent taxes. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the various County functions. The County uses internal service funds to account for its self insurance, mental health self insurance and motor pool activities.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 30 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-61 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the financial statement. Combining and individual fund statements and schedules can be found on pages 62-106 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$63,851,201 at the close of the most recent fiscal year. A large portion of the County's net assets represents its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Financial information for *component units* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-17 of this report

Allegan County Net Assets

	Governmental Activities		Business-type activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Current and other assets	\$40,407,699	\$43,609,778	\$17,545,656	\$17,670,345	\$57,955,355	\$61,280,123
Capital assets	<u>28,782,557</u>	<u>27,273,061</u>	<u>-</u>	<u>-</u>	<u>28,782,557</u>	<u>27,273,061</u>
Total assets	<u>69,192,256</u>	<u>70,882,839</u>	<u>17,545,656</u>	<u>17,670,345</u>	<u>86,737,912</u>	<u>88,553,184</u>
Long-term liabilities outstanding	9,172,424	10,825,061	-	-	9,172,424	10,825,061
Other liabilities	<u>13,072,189</u>	<u>21,319,822</u>	<u>569,248</u>	<u>666,523</u>	<u>13,641,437</u>	<u>21,986,345</u>
Total liabilities	<u>22,244,613</u>	<u>32,144,883</u>	<u>569,248</u>	<u>666,523</u>	<u>22,814,161</u>	<u>32,811,406</u>
Net assets:						
Invested in capital assets, net						
of related debt	17,849,670	16,648,976	-	-	17,849,670	16,648,976
Restricted	19,442,872	13,077,111	-	-	19,442,872	13,077,111
Unrestricted	<u>9,655,101</u>	<u>9,011,869</u>	<u>16,976,408</u>	<u>17,003,822</u>	<u>26,631,509</u>	<u>26,015,691</u>
Total net assets	<u>\$46,947,643</u>	<u>\$ 38,737,956</u>	<u>\$16,976,408</u>	<u>\$ 17,003,822</u>	<u>\$63,924,051</u>	<u>\$ 55,741,778</u>

Net Assets

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Investment in capital assets, net of related debt, is 28% of total net assets. Although the County's investment in net assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the County's net assets (30%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted. The largest portion of the County's net assets (42%) are unrestricted net assets. These net assets may be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net assets increased approximately 15%, or \$8,182,273 to \$63,924,051 from \$55,741,778 for the year ended December 31, 2005.

Allegan County Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Revenue:						
Program revenue:						
Charges for services	\$29,011,471	\$28,007,576	\$1,108,084	\$1,144,115	\$30,119,555	\$29,151,692
Operating grants and contributions	12,825,899	12,822,467	-	-	12,825,899	12,822,467
Capital grants and contributions	506,062	102,080	-	-	506,062	102,080
General revenue:						
Property taxes	25,139,166	23,711,496	-	-	25,139,166	23,711,495
Other	830,698	1,334,048	521,457	308,775	1,352,155	1,642,823
Total revenue	<u>68,313,296</u>	<u>65,977,667</u>	<u>1,629,541</u>	<u>1,452,890</u>	<u>69,942,837</u>	<u>67,430,557</u>
Expenses:						
Legislative	459,332	387,025	-	-	459,332	387,025
Judicial	4,764,584	4,799,771	-	-	4,764,584	4,799,771
General government	9,866,595	9,515,668	-	-	9,866,595	9,515,668
Public safety	12,400,966	11,451,528	-	-	12,400,966	11,451,528
Public works	258,728	238,545	-	-	258,728	238,545
Parks and recreation	1,031,580	400,780	-	-	1,031,580	400,780
Health	32,360,872	33,020,021	-	-	32,360,872	33,020,021
Interest on long-term debt	484,070	581,857	-	-	484,070	581,857
Delinquent property tax	-	-	133,837	44,763	133,837	44,763
Information Services	-	-	-	16,804	-	16,804
Assessing/mapping activities	-	-	-	5,900	-	5,900
Total expenses	<u>61,626,727</u>	<u>60,395,195</u>	<u>133,837</u>	<u>67,467</u>	<u>61,760,564</u>	<u>60,462,662</u>
Increase in net assets before transfers	6,686,569	5,582,472	1,495,704	1,385,423	8,182,273	6,967,895
Transfers	<u>1,523,118</u>	<u>1,553,825</u>	<u>(1,523,118)</u>	<u>(1,553,825)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	8,209,687	7,136,297	(27,414)	(168,402)	8,182,273	6,967,895
Net assets - beginning of year	<u>38,737,956</u>	<u>31,601,659</u>	<u>17,003,822</u>	<u>17,172,224</u>	<u>55,741,778</u>	<u>48,773,883</u>
Net assets - end of year	<u>\$46,947,643</u>	<u>\$38,737,956</u>	<u>\$16,976,408</u>	<u>\$17,003,822</u>	<u>\$63,924,051</u>	<u>\$55,741,778</u>

Governmental activities

Governmental activities increased the County's net assets by \$8,209,687, accounting for 100% of the total growth in the County's net assets. The sizeable difference between the change in fund balances and the change in net assets is mostly due to large capital outlays in the current year, which are expensed under the modified accrual basis method and accounted as capital assets under full accrual basis. A smaller portion of the difference is due to principal payments on debts that are expensed under the modified accrual method are booked as reductions in long-term debt under the full accrual basis.

Government activities include:

- Legislative activities – Expenses related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities – Expenses related to the administration of Circuit, District, and Probate/Family courts and Court Probation units.
- General government activities – Expenses related to the support departments of the County such as Administration, Human Resources, Treasury, Information Services, Facilities Management, and Finance.
- Public safety – Expenses related to the Sheriff's administration and road patrol and County corrections services.
- Public works activities – Expenses related to County water and sewer systems and drains systems.
- Parks and recreation – Expenses related to County parks and Tourist Council.
- Health – Expenses related to public health services such as Immunization, Solid Waste, Child Care, Medical Examiner, and Housing Assistance programs.

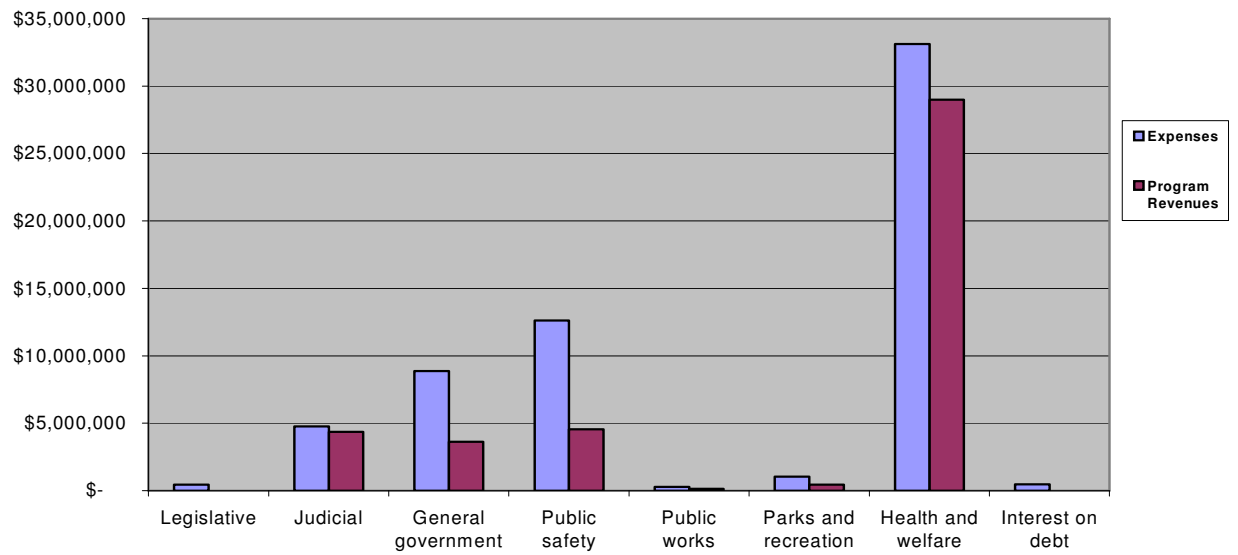
Business-type activities

The business-type activities of the County include enterprise fund operations. The change in business-type activities net assets decreased the County's net assets by \$27,414.

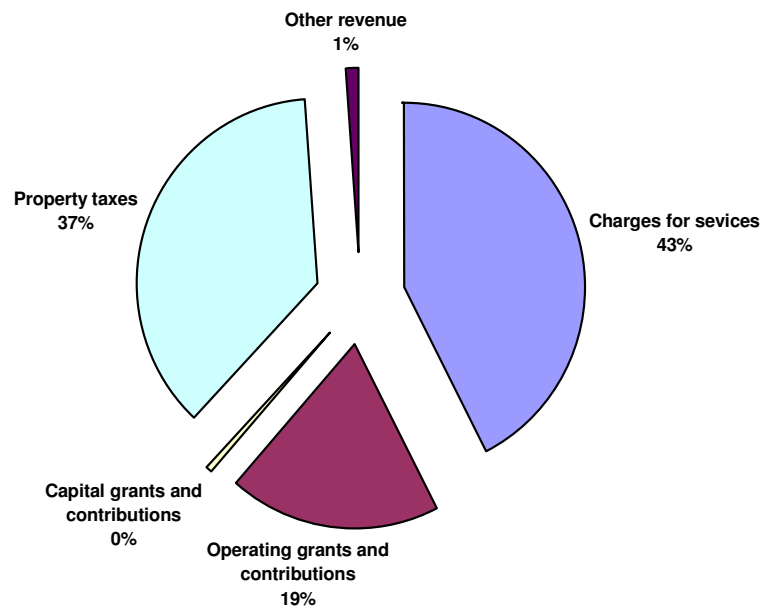
Business-type activities include:

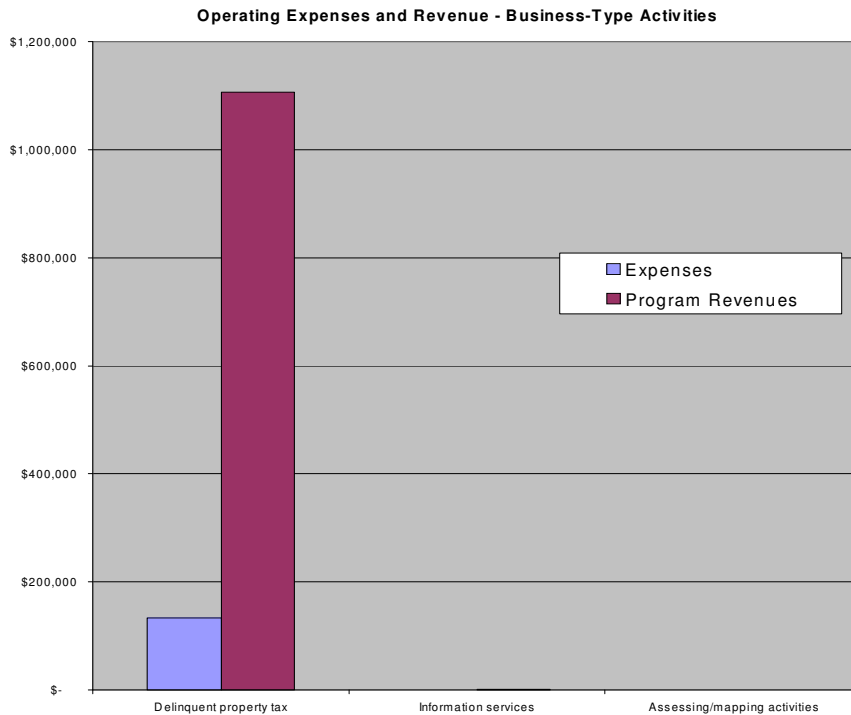
- Delinquent tax revolving fund – This fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes. Current policy is to maintain cash and investments to fund 100% of the prior year's delinquent tax settlement.
- Information Services Activities fund – This fund was established to account for contracted technology-related services performed by the Information Services department for other local governments. Information Services sells hardware and support for network and personal computer systems to other governments.
- Assessing/Mapping fund - This fund was established to account for revenues and expenses associated with providing tax printing service to the local units of government. These services are generated from within the Equalization Department and provide property tax billing and assessment notices for the local units.

Expenses and Program Revenues - Government Activities



Revenues by Source - Government Activities





Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the County *governmental fund statements* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total unreserved fund balance represented 16% of total annual government expenditures, including transfers, in 2005.

General fund balance decreased by \$105,511 from \$1,464,889 to \$1,359,378 during 2005. Expenditure growth rates were highest in health and welfare and public safety services. *Unreserved fund balance* of \$1,149,037 is available for spending at the County's discretion. The remainder of fund balance is *reserved* for long-term advances to the Drain/DPW component unit (\$180,000) and prepaid items (\$30,341).

Central Dispatch fund balance increased by \$1,860,244 from \$6,449,175 to \$8,309,419 due mainly to the growth in telephone land lines and cell phones. Central dispatch derives its operating funds from a surcharge tax on these communications. Expenditures grew 7% from \$1,969,757 to \$2,116,354, due mainly to increases in salaries and wages for telecommunicators and telecommunicator supervisors and an increase in indirect costs as a result of the construction of a new facility. The entire fund balance of \$8,309,419 is unreserved. It is also noteworthy to explain that Central Dispatch is accumulating reserves in anticipation of an upgrade project for mobile computer terminals in public safety vehicles and an automatic public vehicle locator system slated for 2006. The remaining fund balance will aid in funding these projects.

Health Department fund balance has increased by \$145,452 from \$300,541 to \$445,993. Revenues increased in 2005 by \$277,544 from \$2,209,924 to \$2,487,468, a 13% increase, which was mainly due to transfers in from the general fund. Growth in expenses was marginal at 1%, from \$3,329,086 to \$3,352,187.

Mental Health fund balance has decreased 12%. Revenue growth was less than 1% from \$16,950,323 to \$17,006,367. Likewise, expenditures remained stagnant from \$17,393,576 to \$17,278,153.

The State of Michigan has mandated that counties accelerate tax collections from December to July. Allegan County instated a special revenue fund used to collect 1/3 of the next three years' tax levies. The money in this fund will be drawn down over the course of the next several years as replacement for the state revenue sharing which was completely eliminated in 2004.

Proprietary funds. The County proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

	2005 Unrestricted Net Assets	2004 Unrestricted Net Assets
Enterprise Funds		
Delinquent Tax Revolving	\$16,918,932	\$16,947,346
Information Services	57,476	56,476
Assessing/Mapping	-	-
Total	\$16,976,408	\$17,003,822
 Internal Service Funds	 \$ 1,894,771	 \$ 1,167,436

Other factors considering the finances of these funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

Amended budgetary expenditures differed from the originally adopted budget for the following reason:

- Original budget amounts were amended for the settlement of employment contracts.

Significant budget variances existed between the final amended budget and actual amounts. Major variations are summarized as follows:

- Costs relating to building remodeling and relocation of county offices.
- Additional expenditures were incurred during the completion of the county's software conversion.
- The County fleet was expanded to include 2 additional vans.
- Building renovations that included reconstruction of the CMH parking lot, new boiler system, elevator, and mobile lift stands.
- Unanticipated Tax Tribunal refunds on utility company reductions.
- Increased employment costs due to heightened courthouse security.

Capital Asset and Debt Administration

- **Capital assets** - A capital asset is an asset whose cost exceeds \$3,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives.

During the year, several capital assets were added, including a video surveillance system, radios, equipment replacement, significant software upgrades and many new trucks and vehicles.

- **Debt administration** – Debt incurred in the course of constructing or acquiring a capital asset is recorded and paid for from a debt service fund.

The County has three general obligation bonds for their major capital projects this year. The first twenty-year bond issue took place in 1997 for the construction of a new wing on the Medical Care Facility. The second bond issue, Series 2001A, was a 20-year bond issue for the construction of the Health/FIA building in the amount of \$10.8 million. The third bond issue, Series 2001B, was a 4-year bond issue for \$8.3 million for the construction of the Central Dispatch/E911 building and related radio, radio tower, and other infrastructure related to the project. This bond was paid off in 2005.

The County dedicated funds in the Delinquent Tax Revolving Fund for payment of current outstanding bonds.

Allegan County Capital Assets (net of depreciation)

	Governmental activities		Business-type activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Land	\$ 584,315	\$ 584,315	\$ -	\$ -	\$584,315	\$ 584,315
Land improvements	1,452,327	1,511,992	-	-	1,452,327	1,511,992
Buildings and improvements	22,824,418	21,881,000	-	-	22,824,418	21,881,000
Machinery and equipment	3,314,590	2,558,445	-	-	3,314,590	2,558,445
Infrastructure	606,907	624,223	-	-	606,907	624,223
Construction in progress	-	113,086	-	-	-	113,086
Total	<u>\$28,782,557</u>	<u>\$22,273,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$28,782,557</u>	<u>\$27,273,061</u>

Additional information on the County's capital assets can be found in Note 4 on pages 42-45 of this report.

Long-term debt – debt is classified as long-term if the debt matures in a period greater than one year.

Allegan County Outstanding Debt (General Obligation Bonds)

	Governmental activities		Business-type activities		Total	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
General obligation bonds	<u>\$9,172,424</u>	<u>\$10,825,061</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,172,424</u>	<u>\$10,825,061</u>

The County has an “A+” rating from Standard & Poor's. Additional information on the County's long-term debt can be found in Note 8 on pages 50-56 of this report.

Economic Factors and Next Year's Budgets and Rates

- The taxable value of commercial, residential, and personal property increased 7% in the 2005 fiscal year.
- According to the Bureau of Labor Statistics, area unemployment rates range from 4.5% in the Holland-Grand Haven area to 5.2% in the greater Grand Rapids area, the latter is an decrease from the prior year's 6.1% rate.
- Census population projections indicate 2% population growth to 113,174 during 2005.

In a climate where other counties are seeing their revenues shrink, Allegan County has enjoyed slow but steady economic growth during the last two years, despite the broader economic climate. Much of the county's growth is attributable to its close proximity to other exciting and rapidly expanding metropolitan areas such as Grand Rapids, Holland, Kalamazoo, and the Michigan Lakeshore. The County anticipates slow economic growth to continue throughout 2006 and into 2007. Beyond 2007, the County anticipates growth trends to rise steadily as the economy recovers and the County's population expands.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Budget and Finance Department, Allegan County, Michigan, 3283 – 122nd Ave., Allegan, Michigan, 49010. Additional information can be found at our website at www.allegancounty.org.

ALLEGAN COUNTY

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Road Commission	Drains/ Public Works
Assets					
Cash and pooled investments	\$ 25,058,580	\$ 14,536,840	\$ 39,595,420	\$ 1,494,214	\$ 3,686,069
Investments	-	-	-	492,605	725,588
Receivable					
Accounts	1,383,349	233,853	1,617,202	4,587	43,125
Current tax	10,882,853	-	10,882,853	2,421,163	-
Delinquent tax	-	2,391,508	2,391,508	-	-
Interest	-	368,126	368,126	-	-
Assessments	-	-	-	-	1,519,739
Other governments	1,925,629	15,329	1,940,958	2,171,162	12,608,695
Advance to Component unit	180,000	-	180,000	-	-
Prepaid items and other assets	906,438	-	906,438	121,663	-
Inventory	72,850	-	72,850	576,772	-
Capital assets					
Land	584,315	-	584,315	58,423,129	325,000
Capital assets, net of depreciation	28,198,242	-	28,198,242	57,343,681	3,458,680
Total assets	69,192,256	17,545,656	86,737,912	123,048,976	22,366,896
Liabilities					
Accounts payable	5,124,702	201,677	5,326,379	389,328	204,970
Accrued wages	778,215	-	778,215	-	1,563
Due to other governments	94,767	367,571	462,338	52,128	-
Accrued interest payable	67,097	-	67,097	-	186,985
Accrued compensated absences	1,211,957	-	1,211,957	413,113	-
Advance from primary government	-	-	-	-	180,000
Advance from other governments	45,000	-	45,000	-	-
Unearned revenue	5,750,451	-	5,750,451	2,421,163	34,817
Noncurrent liabilities:					
Due within one year	425,000	-	425,000	197,629	2,684,780
Due in more than one year	8,747,424	-	8,747,424	-	14,972,554
Total liabilities	22,244,613	569,248	22,813,861	3,473,361	18,265,669
Net Assets					
Invested in capital assets, net of related debt	17,849,670	-	17,849,670	115,569,181	2,943,680
Restricted for:					
Debt service	31,590	-	31,590	-	568,297
Capital projects	1,617,887	-	1,617,887	-	154,801
Central Dispatch/911	8,309,419	-	8,309,419	-	-
Revenue sharing	7,305,474	-	7,305,474	-	-
Friend of the Court	150,419	-	150,419	-	-
Budget Stabilization	1,897,690	-	1,897,690	-	-
Drug Law Enforcement	115,192	-	115,192	-	-
Law enforcement	15,201	-	15,201	-	-
County roads	-	-	-	4,006,434	-
Unrestricted	9,655,101	16,976,408	26,631,509	-	434,449
Total net assets	\$ 46,947,643	\$ 16,976,408	\$ 63,924,051	\$ 119,575,615	\$ 4,101,227

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

Functions / Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenue
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities:						
Legislative	\$ 459,332	\$ -	\$ -	\$ -	\$ -	\$ (459,332)
Judicial	4,764,584	-	2,353,909	2,007,538	-	(403,137)
General government	9,866,595	(987,850)	2,969,759	568,713	85,883	(5,254,390)
Public safety	12,400,966	220,866	1,662,208	2,890,965	-	(8,068,659)
Public works	258,728	-	-	147,778	-	(110,950)
Recreation and culture	1,031,580	-	242,972	-	420,179	(368,429)
Health	32,360,872	766,984	21,782,623	7,210,905	-	(4,134,328)
Interest on debt	484,070	-	-	-	-	(484,070)
Total governmental activities	<u>61,626,727</u>	<u>-</u>	<u>29,011,471</u>	<u>12,825,899</u>	<u>506,062</u>	<u>(19,283,295)</u>
Business-type activities:						
Delinquent property tax	133,837	-	1,107,084	-	-	973,247
Information services	-	-	1,000	-	-	1,000
Total business-type activities	<u>133,837</u>	<u>-</u>	<u>1,108,084</u>	<u>-</u>	<u>-</u>	<u>974,247</u>
Total primary government	<u>\$61,760,564</u>	<u>\$ -</u>	<u>\$ 30,119,555</u>	<u>\$ 12,825,899</u>	<u>\$ 506,062</u>	<u>\$ (18,309,048)</u>
Component units						
Road Commission	\$12,364,443	\$ -	\$ 250,895	\$ 8,780,154	\$ 7,268,546	\$ 3,935,152
Drains/Public Works	2,682,782	-	-	-	2,832,406	149,624
Total component units	<u>\$15,047,225</u>	<u>\$ -</u>	<u>\$ 250,895</u>	<u>\$ 8,780,154</u>	<u>\$ 10,100,952</u>	<u>\$ 4,084,776</u>

(Continued)

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2005

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Road Commission	Drains/ Public Works
Changes in net assets					
Net (expense) revenue	\$ (19,283,295)	\$ 974,247	\$(18,309,048)	\$ 3,935,152	\$ 149,624
General revenues:					
Property taxes	25,139,166	-	25,139,166	2,329,044	-
Convention tax	346,809	-	346,809	-	-
Cigarette tax	66,051	-	66,051	-	-
Unrestricted investment earnings	411,062	521,457	932,519	-	21,543
Gain on sales of capital assets	6,776	-	6,776	75,500	-
Transfers - internal activities	1,523,118	(1,523,118)	-	-	-
Total general revenues and transfers	27,492,982	(1,001,661)	26,491,321	2,404,544	21,543
Change in net assets	8,209,687	(27,414)	8,182,273	6,339,696	171,167
Net assets, beginning of year, as restated	38,737,956	17,003,822	55,741,778	113,235,919	3,930,060
Net assets, end of year	\$ 46,947,643	\$ 16,976,408	\$ 63,924,051	\$ 119,575,615	\$ 4,101,227

(Concluded)

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

**BALANCE SHEET
GOVERNMENTAL FUNDS**

DECEMBER 31, 2005

<u>ASSETS</u>	GENERAL FUND	CENTRAL DISPATCH E911	HEALTH DEPARTMENT	MENTAL HEALTH	REVENUE SHARING RESERVE
ASSETS					
Cash and pooled investments	\$ 1,715,048	\$ 8,395,759	\$ 302,192	\$ 2,602,515	\$ 2,062,660
Receivables					
Current Levy Taxes	5,640,039	-	-	-	5,242,814
Accounts	115,301	12,743	-	475,651	-
Interest	-	-	-	-	-
Due From Other Funds	138,680	-	-	-	-
Due From Other Governmental Units	551,736	1,725	272,011	-	-
Advances to Other Funds	-	-	-	-	-
Inventory	-	-	72,850	-	-
Advance to Component Units	180,000	-	-	-	-
Prepaid Expenditures	30,341	-	5,880	118,279	-
TOTAL ASSETS	\$ 8,371,145	\$ 8,410,227	\$ 652,933	\$ 3,196,445	\$ 7,305,474
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Accounts Payable	\$ 900,764	\$ 77,564	\$ 67,379	\$ 2,209,563	\$ -
Accrued Wages	470,964	23,244	57,885	-	-
Due to Other Funds	-	-	-	18,680	-
Due to Other Governmental Units	-	-	8,826	-	-
Advances From Other Funds	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Deferred Revenue	5,640,039	-	72,850	98,489	-
TOTAL LIABILITIES	7,011,767	100,808	206,940	2,326,732	-
FUND EQUITY					
Fund Balance					
Reserved for					
Long-Term Advances	180,000	-	-	-	-
Prepaid Expenditures	30,341	-	5,880	118,279	-
Debt Service	-	-	-	-	-
Revenue sharing	-	-	-	-	7,305,474
Unreserved, designated for					
Sick and Vacation Reported in Nonmajor Special Revenues Funds	-	-	-	-	-
Parks Reported in Nonmajor Special Revenue Funds	-	-	-	-	-
Unreserved Reported in Nonmajor Special Revenue Funds	-	-	-	-	-
Unreserved	1,149,037	8,309,419	440,113	751,434	-
TOTAL FUND EQUITY	1,359,378	8,309,419	445,993	869,713	7,305,474
TOTAL LIABILITIES AND FUND EQUITY	\$ 8,371,145	\$ 8,410,227	\$ 652,933	\$ 3,196,445	\$ 7,305,474

The accompanying notes are an integral part of these financial statements.

OTHER FUNDS		TOTALS
\$	8,188,961	\$ 23,267,135
	-	10,882,853
	558,701	1,162,396
	-	-
	111,886	250,566
	1,100,157	1,925,629
	297,851	297,851
	-	72,850
	-	180,000
	-	154,500
<hr/>		
\$	10,257,556	\$ 38,193,780
<hr/>		

\$	999,867	\$ 4,255,137
	226,122	778,215
	231,886	250,566
	85,941	94,767
	297,851	297,851
	45,000	45,000
	11,923	5,823,301
<hr/>		
	1,898,590	11,544,837
<hr/>		

	297,851	477,851
	-	154,500
	31,590	31,590
	-	7,305,474
	1,568,242	1,568,242
	115,853	115,853
	6,345,430	6,345,430
	-	10,650,003
<hr/>		
	8,358,966	26,648,943
<hr/>		
\$	10,257,556	\$ 38,193,780
<hr/>		

ALLEGAN COUNTY

***Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets***

DECEMBER 31, 2005

Fund balances - total governmental funds	\$ 26,648,943
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Add - capital assets, net	28,774,493
An internal service fund is used by management to charge the costs of certain equipment usage and self insurance to individual governmental funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	
Add - net assets of governmental activities accounted for in the internal service funds	1,902,835
Because the focus fo governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as vaccine inventory) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.	
Add - Vaccine inventory	72,850
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Deduct - bonds payable	(9,172,424)
Deduct - compensated absences payable	(1,211,957)
Deduct - accrued interest on bonds payable	<u>(67,097)</u>
Net assets of governmental activities	<u>\$ 46,947,643</u>

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	GENERAL FUND	CENTRAL DISPATCH E911	HEALTH DEPARTMENT	MENTAL HEALTH	REVENUE SHARING RESERVE
REVENUES					
Taxes and penalties	\$ 16,667,420	\$ 3,228,932	\$ -	\$ -	\$ 5,242,814
Licenses and Permits	148,502	-	319,702	-	-
Intergovernmental Revenue:					
Federal	1,178,297	-	230,547	621,809	-
State	1,849,954	87,163	668,887	2,288,452	-
Contributions From Local Units	-	-	-	-	-
Charges for Services	3,766,436	1,528,696	870,877	13,676,763	-
Fines and Forfeits	249,534	-	9,864	-	-
Interest and Rentals	767,364	281,145	-	45,171	2,205
Other Revenue	1,394,290	115,180	387,591	374,172	-
TOTAL REVENUES	26,021,797	5,241,116	2,487,468	17,006,367	5,245,019
EXPENDITURES					
Current					
Legislative	459,332	-	-	-	-
Judicial	4,821,524	-	-	-	-
General Government	7,977,684	-	-	-	-
Public Safety	8,191,871	2,116,354	-	-	-
Public Works	258,728	-	-	-	-
Health and Welfare	396,030	-	3,352,187	17,278,153	-
Recreation and Cultural	-	-	-	-	-
Other	563,405	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest/Fiscal Charges	-	-	-	-	-
TOTAL EXPENDITURES	22,668,574	2,116,354	3,352,187	17,278,153	-
REVENUES OVER (UNDER) EXPENDITURES	3,353,223	3,124,762	(864,719)	(271,786)	5,245,019
OTHER FINANCING SOURCES (USES)					
Transfers In	1,926,851	-	1,010,171	150,000	-
Transfers (Out)	(5,386,821)	(1,264,518)	-	-	(1,926,851)
Sale of Capital Asset	1,236	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,458,734)	(1,264,518)	1,010,171	150,000	(1,926,851)
NET CHANGES IN FUND BALANCES	(105,511)	1,860,244	145,452	(121,786)	3,318,168
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	1,464,889	6,449,175	300,541	991,499	3,987,306
FUND BALANCES, END OF YEAR	\$ 1,359,378	\$ 8,309,419	\$ 445,993	\$ 869,713	\$ 7,305,474

The accompanying notes are an integral part of these financial statements.

OTHER		TOTALS	
FUNDS			
\$	-	\$	25,139,166
	-		468,204
	1,121,499		3,152,152
	3,971,921		8,866,377
	643,695		643,695
	6,179,696		26,022,468
	9,407		268,805
	247,021		1,342,906
	805,066		3,076,299
	12,978,305		68,980,072
	-		459,332
	67,081		4,888,605
	989,732		8,967,416
	1,949,244		12,257,469
	-		258,728
	11,562,090		32,588,460
	1,016,954		1,016,954
	-		563,405
	3,106,196		3,106,196
	1,670,000		1,670,000
	482,929		482,929
	20,844,226		66,259,494
	(7,865,921)		2,720,578
	7,966,320		11,053,342
	(952,034)		(9,530,224)
	12,841		14,077
	7,027,127		1,537,195
	(838,794)		4,257,773
	9,197,760		22,391,170
\$	8,358,966	\$	26,648,943

ALLEGAN COUNTY

***Reconciliation of the Statement of Revenues, Expenditures
and Change in Fund Balances of Governmental Funds
to the Statement of Activities***

FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds \$ 4,257,773

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Add - capital outlay	3,574,670
Deduct - net book value of capital assets disposed	(7,301)
Deduct - depreciation expense	(2,057,873)

Bond proceeds provide current financial resources to governmental funds in the period
issued, but issuing bonds increases long-term liabilities in the statement of net assets.
Repayment of bond principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	1,670,000
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An internal service fund is used by management to charge the costs of certain
equipment usage to individual governmental funds. The net revenue (expense)
attributable to those funds is reported with governmental activities.

Add - operating income from governmental activities in internal service fund	666,384
Add - interest earned in internal service funds	69,015

Revenues in the statement of activities that do not provide current financial resources are not
reported as revenues in the funds, but rather are deferred to the following fiscal year

Add - Inventory contributed during the year	3,316
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Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in the funds.

Add - decrease in accrued interest payable on bonds	16,222
Deduct - Amortization of bond issuance cost	(17,363)
Add - decrease in the accrual for compensated absences	34,844

Change in net assets of governmental activities	<u>\$ 8,209,687</u>
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The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ 16,240,752	\$ 16,240,752	\$ 16,667,420	\$ 426,668
Licenses and Permits	143,100	153,100	148,502	(4,598)
Intergovernmental Revenue:				
Federal	1,132,021	1,139,739	1,178,297	38,558
State	3,769,135	3,734,175	1,849,954	(1,884,221)
Charges for Services	3,783,603	3,814,139	3,766,436	(47,703)
Fines and Forfeits	280,075	280,075	249,534	(30,541)
Interest and Rentals	861,613	896,613	767,364	(129,249)
Other Revenue	1,318,059	1,392,843	1,394,290	1,447
TOTAL REVENUES	27,528,358	27,651,436	26,021,797	(1,629,639)
EXPENDITURES				
Current				
Legislative	353,590	424,590	459,332	34,742
Judicial	5,191,708	5,191,708	4,821,524	(370,184)
General Government	8,062,298	8,320,422	7,977,684	(342,738)
Public Safety	8,230,495	8,530,003	8,191,871	(338,132)
Public Works	281,016	281,016	258,728	(22,288)
Health and Welfare	500,449	466,830	396,030	(70,800)
Other	802,926	536,951	563,405	26,454
TOTAL EXPENDITURES	23,422,482	23,751,520	22,668,574	(1,082,946)
REVENUES OVER (UNDER) EXPENDITURES	4,105,876	3,899,916	3,353,223	(2,712,585)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,926,851	1,926,851
Transfers (Out)	(4,884,846)	(4,900,415)	(5,386,821)	(486,406)
Sale of Capital Assets	-	-	1,236	1,236
TOTAL OTHER FINANCING SOURCES (USES)	(4,884,846)	(4,900,415)	(3,458,734)	1,441,681
NET CHANGES IN FUND BALANCES	(778,970)	(1,000,499)	(105,511)	(1,270,904)
FUND BALANCES, BEGINNING OF YEAR	1,464,889	1,464,889	1,464,889	-
FUND BALANCES, END OF YEAR	\$ 685,919	\$ 464,390	\$ 1,359,378	\$ (1,270,904)

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL CENTRAL DISPATCH E911 SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ 3,150,593	\$ 3,150,593	\$ 3,228,932	\$ 78,339
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	188,695	188,695	87,163	(101,532)
Other Local Units	-	-	-	-
Charges for Services	1,901,876	1,901,876	1,528,696	(373,180)
Fines and Forfeits	-	-	-	-
Interest and Rents	70,500	70,500	281,145	210,645
Other Revenue	32,050	32,050	115,180	83,130
TOTAL REVENUES	5,343,714	5,343,714	5,241,116	(102,598)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	2,199,768	2,199,768	2,116,354	(83,414)
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	2,199,768	2,199,768	2,116,354	(83,414)
REVENUES OVER (UNDER) EXPENDITURES	3,143,946	3,143,946	3,124,762	(186,012)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	(1,271,956)	(1,271,956)	(1,264,518)	7,438
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,271,956)	(1,271,956)	(1,264,518)	7,438
NET CHANGES IN FUND BALANCES	1,871,990	1,871,990	1,860,244	(178,574)
FUND BALANCES, BEGINNING OF YEAR	6,449,175	6,449,175	6,449,175	-
FUND BALANCES, END OF YEAR	\$ 8,321,165	\$ 8,321,165	\$ 8,309,419	\$ (11,746)

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL HEALTH DEPARTMENT SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	250,120	250,120	319,702	69,582
Intergovernmental Revenue				
Federal	207,531	207,531	230,547	23,016
State	617,804	617,804	668,887	51,083
Other Local Units	-	-	-	-
Charges for Services	724,335	724,335	870,877	146,542
Fines and Forfeits	-	-	-	-
Interest and Rents	500	500	9,864	9,364
Other Revenue	385,207	385,207	387,591	2,384
TOTAL REVENUES	2,185,497	2,185,497	2,487,468	301,971
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	3,527,099	3,527,099	3,352,187	(174,912)
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	3,527,099	3,527,099	3,352,187	(174,912)
REVENUES OVER (UNDER) EXPENDITURES	(1,341,602)	(1,341,602)	(864,719)	127,059
OTHER FINANCING SOURCES (USES)				
Transfers In	1,010,671	1,010,671	1,010,171	(500)
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	1,010,671	1,010,671	1,010,171	(500)
NET CHANGES IN FUND BALANCES	(330,931)	(330,931)	145,452	126,559
FUND BALANCES, BEGINNING OF YEAR	300,541	300,541	300,541	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ (30,390)	\$ (30,390)	\$ 445,993	\$ 476,383

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MENTAL HEALTH SPECIAL REVENUE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	671,375	1,029,725	621,809	(407,916)
State	2,680,395	2,682,355	2,288,452	(393,903)
Other Local Units	-	-	-	-
Charges for Services	13,890,985	13,889,005	13,676,763	(212,242)
Fines and Forfeits	-	-	-	-
Interest and Rents	112,085	112,085	45,171	(66,914)
Other Revenue	155,590	155,590	374,172	218,582
TOTAL REVENUES	17,510,430	17,868,760	17,006,367	(862,393)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	17,760,910	18,119,260	17,278,153	(841,107)
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	17,760,910	18,119,260	17,278,153	(841,107)
REVENUES (UNDER) EXPENDITURES	(250,480)	(250,500)	(271,786)	(1,703,500)
OTHER FINANCING SOURCES (USES)				
Transfers In	250,500	250,500	150,000	(100,500)
Transfers (Out)	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	250,500	250,500	150,000	(100,500)
NET CHANGES IN FUND BALANCES	20	-	(121,786)	(1,804,000)
FUND BALANCES, BEGINNING OF YEAR	991,499	991,499	991,499	-
FUND BALANCES, END OF YEAR	\$ 991,519	\$ 991,499	\$ 869,713	\$ (1,804,000)

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REVENUE SHARING RESERVE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ 5,242,814	\$ 5,242,814
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	2,205	2,205
Other Revenue	-	-	-	-
TOTAL REVENUES	-	-	5,245,019	5,245,019
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
REVENUES OVER EXPENDITURES	-	-	5,245,019	5,245,019
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	(1,926,851)	(1,926,851)
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,926,851)	(1,926,851)
NET CHANGES IN FUND BALANCES	-	-	3,318,168	3,318,168
FUND BALANCES, BEGINNING OF YEAR	3,987,306	3,987,306	3,987,306	-
FUND BALANCES, END OF YEAR	\$ 3,987,306	\$ 3,987,306	\$ 7,305,474	\$ 3,318,168

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY**PROPRIETARY FUNDS
STATEMENT OF NET ASSETS****DECEMBER 31, 2005**

ASSETS	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	DELINQUENT PROPERTY TAX	INFORMATION SERVICES ACTIVITIES	TOTAL	
CURRENT ASSETS				
Cash and Pooled Investments	\$ 14,479,364	\$ 57,476	\$ 14,536,840	\$ 1,791,445
Receivables:				
Accounts	233,853	-	233,853	220,953
Delinquent Taxes Receivable	2,391,508	-	2,391,508	-
Interest Receivable	368,126	-	368,126	-
Due From Other Governmental Units	15,329	-	15,329	-
Prepaid Expenses	-	-	-	751,938
TOTAL CURRENT ASSETS	17,488,180	57,476	17,545,656	2,764,336
Property Plant and Equipment - net	-	-	-	8,064
<u>TOTAL ASSETS</u>	<u>17,488,180</u>	<u>57,476</u>	<u>17,545,656</u>	<u>2,772,400</u>
 <u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts Payable	201,677	-	201,677	869,565
Accrued Wages	-	-	-	-
Due to Other Governments	367,571	-	367,571	-
<u>TOTAL LIABILITIES</u>	<u>569,248</u>	<u>-</u>	<u>569,248</u>	<u>869,565</u>
 <u>NET ASSETS</u>				
Invested in capital assets	-	-	-	8,064
Unrestricted net assets	16,918,932	57,476	16,976,408	1,894,771
<u>TOTAL NET ASSETS</u>	<u>\$ 16,918,932</u>	<u>\$ 57,476</u>	<u>\$ 16,976,408</u>	<u>\$ 1,902,835</u>

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ENTERPRISE FUNDS			INTERNAL
	DELINQUENT PROPERTY TAX	INFORMATION SERVICES ACTIVITIES	TOTAL	SERVICE FUNDS
OPERATING REVENUES				
Interest and Penalties on Taxes	\$ 875,208	\$ -	\$ 875,208	\$ -
Charges for Services	171,076	1,000	172,076	7,954,577
Other income	60,800	-	60,800	-
TOTAL OPERATING REVENUES	1,107,084	1,000	1,108,084	7,954,577
OPERATING EXPENSES				
Administrative Expense	133,837	-	133,837	-
Insurance Expense	-	-	-	7,288,193
TOTAL OPERATING EXPENSES	133,837	-	133,837	7,288,193
OPERATING INCOME (LOSS)	973,247	1,000	974,247	666,384
NONOPERATING REVENUES (EXPENSES)				
Interest earned on Investments	521,457	-	521,457	69,015
INCOME BEFORE TRANSFERS	1,494,704	1,000	1,495,704	735,399
TRANSFERS				
Transfers (Out)	(1,523,118)	-	(1,523,118)	-
CHANGE IN NET ASSETS	(28,414)	1,000	(27,414)	735,399
NET ASSETS, BEGINNING OF YEAR	16,947,346	56,476	17,003,822	1,167,436
NET ASSETS, END OF YEAR	\$ 16,918,932	\$ 57,476	\$ 16,976,408	\$ 1,902,835

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2005

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	DELINQUENT PROPERTY TAX	INFORMATION SERVICES ACTIVITIES	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ -	\$ -	\$ -	\$ 7,845,223
Cash received from customers	7,171,972	1,000	7,172,972	-
Cash received from penalties and interest on delinquent taxes	1,156,412	-	1,156,412	-
Cash payments for delinquent tax rolls	(7,713,169)	-	(7,713,169)	-
Cash payments for insurance claims	-	-	-	(7,993,061)
Net cash provided by (used in) operating activities	615,215	1,000	616,215	(147,838)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(1,523,118)	-	(1,523,118)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned on Investments	521,457	-	521,457	69,015
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(386,446)	1,000	(385,446)	(78,823)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,865,810	56,476	14,922,286	1,870,268
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,479,364	\$ 57,476	\$ 14,536,840	\$ 1,791,445
OPERATING INCOME (LOSS)	\$ 973,247	\$ 1,000	\$ 974,247	\$ 666,384
Adjustments to Reconcile Operating Income (Loss) to net cash provided by Operating Activities:				
Changes in Operating Assets and Liabilities which provided (used) cash:				
Delinquent taxes receivable	(114,982)	-	(114,982)	-
Accounts receivable	(210,594)	-	(210,594)	(220,953)
Interest receivable	44,586	-	44,586	-
Due (to) from other funds	-	-	-	111,599
Due from other governmental units	20,233	-	20,233	-
Prepaid expenses	-	-	-	(591,515)
Accounts payable	-	-	-	(113,353)
Accrued wages	138,579	-	138,579	-
Due to other governmental units	(235,854)	-	(235,854)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 615,215	\$ 1,000	\$ 616,215	\$ (147,838)

The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

DECEMBER 31, 2005

ASSETS

Cash and Pooled Investments	\$ 2,287,979
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LIABILITIES

Assets held on behalf of others	\$ 2,286,875
Undistributed penal fines	<u>1,104</u>

<u>TOTAL LIABILITIES</u>	<u>\$ 2,287,979</u>
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The accompanying notes are an integral part of these financial statements.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allegan County (the “County”) was organized in 1835 and covers an area of 829 square miles divided into 24 townships, 3 villages and 6 cities. The County seat is located in the City of Allegan. The County of Allegan operates under an elected Board of County Commissioners (11 members) and provides services to its more than 105,665 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

Reporting Entity

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

BLENDED COMPONENT UNIT

The Allegan County Building Authority (the “Building Authority”)

The governing board is appointed by the Allegan County Board of Commissioners. The Building Authority’s purpose is to finance and construct the County’s public buildings. The Building Authority is included as a capital projects and debt service fund in the financial statements. A separate report is not prepared for the Building Authority.

DISCRETELY PRESENTED COMPONENT UNITS

Allegan County Road Commission

The Allegan County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a 3 member Board of County Road Commissioners appointed by the County Board of Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. The Road Commission’s taxes are levied under the taxing authority of the County, as approved by the County electors, and are included as part of the County’s total tax levy and reported in the County Road Fund. Complete financial statements of the Road Commission Component Unit can be obtained from its administrative offices at:

*Allegan County Road Commission
1308 Lincoln Road, M-89
Allegan, Michigan, 49010*

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Drain Commission/Department of Public Works

Pursuant to Act 185, Public Acts of 1957, the County of Allegan entered into a program of water supply and sanitary sewer facility construction. The Allegan County Drain Commissioner was appointed as County agent by the Allegan County Board of Commissioners. The County appoints the voting majority to this organization's governing body. The organization is financially dependent on the. These factors result in the Drain Commission/Department of Public Works being reported as a component unit of the County. The County agent manages water supply and sanitary sewer system construction projects that are financed through bonding by the County of Allegan. Pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Allegan County Drain Commissioner is responsible for planning, developing and maintaining surface water drainage systems within the County. The Drain Commissioner as County agent may issue debt or levy a tax as authorized by the Drain Code without approval of the County Board of Commissioners. A separate report is not prepared for the Drain Commission/Department of Public Works.

Funds with Other Year Ends

The financial statements of the Mental Health Special Revenue and the Mental Health Self Insurance Fund have been included in the accompanying 2005 financial statements using their fiscal year ended September 30, 2005.

Interfund balances, due to/from account balances, indirect expense allocations, as well as transfers, may not agree across all funds due to the different year ends reported in these funds.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Indirect expenses* are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The fiduciary fund financial statements use the economic measurement focus, although the agency funds do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the Delinquent Tax Revolving Fund pays the County for any outstanding real property taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for reimbursement based grants. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Central Dispatch E911 Fund – This fund is used to account for revenue collected and operational expenses for emergency dispatching in Allegan County.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Health Department Fund – This fund is used to account for cost or activities performed by the Health Department as well as related funding sources.

Mental Health Fund – This fund is used to account for monies to provide mental health services within the County. Monies are provided by Federal, State, and County appropriations, contributions, and charges for services.

Revenue Sharing Reserve – This fund is used to account for the shift in property tax due dates which has resulted in additional tax revenue. These additional revenues are replacing general fund state shared revenue as required by state law.

The County reports the following major enterprise funds:

Delinquent Property Tax Fund – This Fund is used to pay each local governmental unit, including the County General Fund, the respective amount of real property taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Information Services Activities Fund – This fund is used to account for the revenues and expenses associated with providing information services to outside entities.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Building Authority.

Capital Projects Fund – This fund is used to account for financing and construction of County facilities by the Building Authority.

Internal Service Funds account for equipment purchases and insurance coverage provided to County departments on a cost reimbursement basis.

The *Trust and Agency Fund*, an agency fund is used to account for assets held on behalf of outside parties, including other governments. The library penal fines fund is used to account for assets for library penal fines.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government. Elimination of these charges would distort costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes and charges for services provided. The principal operating revenues of the County's internal service funds are charges to County departments for equipment amortization and insurance coverage. Operating expenses for the enterprise funds consist of administrative expenses. Operating expenses for the internal service funds include the cost of services (including claims), administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgets and Budgetary Accounting (Primary Government)

A budget is adopted by the Board of Commissioners in accordance with Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act, for the general, special revenue and debt service funds. The Board amends the budget as necessary during the year. The budget is adopted on the modified accrual basis of accounting consistent with the actual financial statements for these funds. The budget is adopted at the activity level and control is exercised at the activity level for the General Fund, Special Revenue and Debt Service Funds. The County Finance Director is authorized to transfer budget amounts for line items within activities without formal Board approval. The Board must approve any amendments at the activity level (department) for the General Fund and other budgeted funds.

All budget appropriations lapse at the end of each fiscal year unless specific Board action is taken. All budgetary presentations include original and amended budgets.

Budgets and Budgetary Accounting - Road Commission (Component Unit)

Budgetary procedures are established pursuant to Michigan Public Act 621, PA 1978, as amended, (MCL 141.421) which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. Pursuant to the Act, the Road Commission's chief financial officer prepares and submits a proposed operating budget to the Board of Road Commissioners for its review and consideration. The Board does not conduct a public budget hearing; however, the budget is submitted to the County, and included in its public hearing. The budget is amended as necessary during the year, and is approved by the Board. The budget is prepared on the modified accrual basis of accounting, which is the same basis utilized for the fund financial statements.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Cash and Pooled Investments

The County maintains a cash and investment pool that is available for use by select funds. Each fund's allocation of this pool is reported on the fund and government-wide statements as cash and pooled investments. For purpose of the statement of cash flows, the County considers all assets held in the cash and investment pool to be cash equivalents because the investments are not identifiable to specific funds and the assets can be withdrawn at any time, similar to a demand deposit account.

Investments

The County's investments consist primarily of certificates of deposit, money market accounts, commercial paper, government securities and mutual funds. Investments are carried at fair value.

Taxes Receivable-Current

Through 2004, the County property taxes have been levied on December 1 of each year (the lien date) and were due in full by March 1 of the year following the levy, at which time uncollected taxes become delinquent. Pursuant to Public Act 357 of 2004, which provides a funding mechanism to replace state revenue sharing payments to counties, the County's levy date is gradually shifting (or accelerating) from December 1 to July 1 of each year. As such, for the year ended December 31, 2005, the County recognized the full December 1, 2004 levy and the July 1, 2005 levy, which represents one-third of the total tax levy for calendar 2005. In 2006, two thirds of the County property tax will be levied July 1 and then in 2007, and for each year thereafter, all of the County property tax will be levied July 1.

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value. In March 1994, Michigan voters approved Proposal A, which limits annual increases in assessed values to the lesser of 5% or the rate of inflation with assessed value reverting to 50% of true cash value when the property is sold.

Although the County's 2005 ad valorem tax is levied and collectible on December 1, 2005, it is the County's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of the County's operations.

Special Assessments Receivable

The Drain/DPW component unit has special assessments recorded in the amount of \$1,519,739. The DPW special assessments receivable are recorded with an offsetting credit to deferred revenue on the fund statements as the balance does not represent expendable available financial resources. Special assessments have been recorded on the accrual basis on the government-wide financial statements. Of the special assessment balance, \$461,650 is expected to be collected within one year while the remaining balance is long-term.

Delinquent Taxes Receivable

The delinquent taxes receivable, which are recorded in the internal service funds, consist of unpaid balances of delinquent real property taxes which were purchased from all of the taxing units in Allegan County by the County's delinquent tax fund.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Due To/From

During the course of operations, numerous transactions occur between individual funds and/or between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as “due from other funds/component units” or “due to other funds/component units” on the fund balance sheets.

Internal Balances

Any residual balances outstanding between the governmental activities and business-type activity are reported in the government-wide financial statements as “internal balances.”

Advances to Other Funds

Noncurrent portions of long-term interfund loans receivable in governmental funds are reported as advances and are offset by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

Inventories

Road Commission (component unit) inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, and equipment repairs and operations, as used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond a fund’s fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. The capitalization threshold for infrastructure is \$25,000. Capital other than infrastructure assets are defined by the government as assets with an initial, individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received. The amount reported for infrastructure includes only assets added since December 31, 2000.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	5-10

Deferred/Unearned Revenue

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned. The latter are reported in the government-wide and proprietary fund financial statements as unearned revenue.

Long-term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Other Financing Sources (Uses)

The transfers of cash between the various County funds are budgeted but reported separately from revenues and expenditures as transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

Reserves and Designations of Fund Balance/Restricted Net Assets

Reservations of fund balance are established to identify (1) third party claims against resources of the entity that have not materialized as liabilities at the balance sheet date, or (2) the existence of assets that, because of their nonmonetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure, or (3) the existence of assets that are legally restricted to a future use.

Designations of fund balance are established to identify amounts set aside by the Board for future expenditures.

Restricted net assets represent assets which are legally restricted by outside parties or enabling legislation.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 2: EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Budget Violations

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. The approved budgets of the County for all budgetary funds were adopted at the department (activity) level.

Primary Government

During the year ended December 31, 2005, expenditures were incurred in excess of the amounts appropriated in the amended budget of the general fund and special revenue fund types of the primary government as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Board of Commissioners	\$ 424,590	\$ 459,332	\$ (34,742)
Auditing Services	46,500	47,230	(730)
Cooperative Extension	180,513	184,709	(4,196)
Dumont Lake Complex	49,435	51,876	(2,441)
Youth Home Building	145,596	150,272	(4,676)
WEMET—Sheriff	89,879	95,126	(5,247)
Secondary Road Patrol Program	271,530	273,715	(2,185)
Detective Bureau	625,879	631,000	(5,121)
Courthouse Secretary	-	624	(624)
Sheriff--Radio	24,250	25,653	(1,403)
Drains—Public Benefits	122,813	123,601	(788)
Monumentation Program	121,868	133,250	(11,382)
Employees' Fringe Benefits	23,000	53,151	(30,151)
Transfer Out—Grant Match	343,186	688,607	(345,421)
Transfer Out—Parks	280,924	422,209	(141,485)

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds			
Revenue Sharing Reserve			
Transfers Out	\$ -	\$1,926,851	\$(1,926,851)
Parks			
Recreation and Culture	492,624	1,016,954	(524,330)
Public Improvement			
Transfer Out	-	546,476	(546,476)
Drug Law Enforcement			
Transfer Out	-	10,990	(10,990)
Law Library			
Capital Outlay	39,200	41,173	(1,973)
Public Safety Grant			
Judicial	58,200	59,534	(1,334)
Public Safety	561,240	987,453	(426,213)
Transfers Out	-	97,486	(97,486)
Medical Care Facility			
Health and Welfare	4,760,311	5,375,250	(614,939)
Child Care Welfare			
Health and Welfare	-	2,267	(2,267)
Veterans' Trust			
Health and Welfare	13,176	14,033	(857)
Debt Service Fund			
Principal	1,620,000	1,670,000	(50,000)
Interest	425,074	482,929	(57,855)

NOTE 3: CASH AND INVESTMENTS

The captions on the government-wide and fund statements relating to cash and investments are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>	<u>Component Units</u>
Cash and pooled -					
investments	\$25,058,580	\$14,536,840	\$2,287,979	\$41,883,399	\$5,180,283
Investments	-	-	-	-	1,218,193
Timing difference due to funds with different fiscal years				(778,332)	
	<u>\$25,058,580</u>	<u>\$14,536,840</u>	<u>\$2,287,979</u>	<u>\$41,104,667</u>	<u>\$6,398,476</u>

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Deposits and investments consist of the following at December 31, 2005:

Bank deposits (checking, savings accounts and certificates of deposit)	\$26,659,706
U.S. government and agency securities	16,759,417
Mutual Funds	<u>4,084,020</u>
Total	<u>\$47,503,143</u>

These deposits are in twelve (12) financial institutions located in Michigan in varying amounts. State policy limits the Treasurer's investing options to financial institutions located in Michigan. All accounts are in the name of the County and a specific fund or common account. They are recorded in the County records at cost. Interest is recorded when earned.

Investment and Deposit Risk

The County chooses to disclose its investments by investment class. As of December 31, 2005, the County had the following investments:

	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
U.S. government full faith and credit	1-5 years	\$ 1,059,187	N/A
Mutual Funds	N/A	4,084,020	Unrated
U.S. government agency securities	1-5 years	4,462,201	S&P AAA
U.S. government agency securities	6 or more years	11,238,029	S&P AAA
		<u>\$20,843,437</u>	

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified above. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified above for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of the County's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in "statutory authority" below. The investment policy does not have specific limits in excess of state law on investment credit risk. The rating for each investment is identified above for investments held at year-end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit with utilizing outside sources to obtain the ratings. As of year-end, \$26,671,525 of the bank balance of \$27,381,774 was exposed to custodial credit risk because it was uninsured and uncollateralized.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Custodial Credit Risk – Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the County does not have a policy for investment custodial credit risk. Custodial credit risk has not been disclosed for mutual funds because mutual funds do not consist of specifically identifiable securities.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year-end are reported above.

Investments

Statutes authorize the County to invest in the following:

- Bonds, securities, and other direct obligations and repurchase agreements of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than two standard rating services and which matures not more than 270 days after the day of purchase.
- Bankers acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles which are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Interest revenue on cash deposits and investments is allocated only to those funds required by the State to earn income on interest-bearing accounts. Income is allocated based on the cash balance of each fund in comparison to the cash balance of the County as a whole. All interest income remaining after the allocation has been made is credited to the General Fund.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005 was as follows:

Primary Government

Governmental activities:	Beginning of Year	Increases	Decreases	End of Year
Capital assets, not being depreciated:				
Land	\$ 584,315	\$ -	\$ -	\$ 584,315
Construction in progress	113,086	-	(113,086)	-
Total capital assets, not being depreciated:	697,401	-	(113,086)	584,315
Capital assets, being depreciated:				
Land improvements	1,812,506	56,131	-	1,868,637
Buildings and improvements	29,031,163	1,840,504	(107,147)	30,764,520
Machinery and equipment	7,375,179	1,791,121	(157,033)	9,009,267
Infrastructure	779,222	-	-	779,222
Total capital assets, being depreciated	38,998,070	3,687,756	(264,180)	42,421,646
Less accumulated depreciation for:				
Land improvements	(300,514)	(115,796)	-	(416,310)
Buildings and improvements	(7,150,163)	(891,813)	101,874	(7,940,102)
Machinery and equipment	(4,816,734)	(1,032,948)	155,005	(5,694,677)
Infrastructure	(154,999)	(17,316)	-	(172,315)
Total accumulated depreciation	(12,422,410)	(2,057,873)	256,879	(14,223,404)
Net capital assets, being depreciated	26,575,660	1,629,883	(7,301)	28,198,242
Net governmental activities capital assets	<u>\$27,273,061</u>	<u>\$1,629,883</u>	<u>\$(120,387)</u>	<u>\$28,782,557</u>

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 470,822
Judicial	16,676
Public safety	518,834
Health and welfare	1,036,915
Culture and recreation	14,626
	<u>14,626</u>
Total depreciation expense – governmental activities	<u>\$2,057,873</u>

Discretely Presented Component Units

Activity for the capital assets of the Road Commission for the year ended December 31, 2005, were as follows:

	Beginning of Year	Increases	Decreases	End of Year
Capital assets, not being depreciated:				
Land and improvements	<u>\$54,903,145</u>	<u>\$3,519,984</u>	<u>\$ -</u>	<u>\$58,423,129</u>
Capital assets, being depreciated:				
Buildings	1,383,385	-	-	1,383,385
Machinery and equipment	10,862,590	863,307	(428,013)	11,297,884
Infrastructure	<u>80,609,749</u>	<u>5,717,684</u>	<u>(2,007,001)</u>	<u>84,320,432</u>
Total capital assets, being depreciated	<u>92,855,724</u>	<u>6,580,991</u>	<u>(2,435,014)</u>	<u>97,001,701</u>
Less accumulated depreciation for:				
Buildings	(612,348)	(27,544)	-	(639,892)
Machinery and equipment	(7,820,096)	(965,221)	428,013	(8,357,304)
Infrastructure	<u>(28,952,179)</u>	<u>(3,715,646)</u>	<u>2,007,001</u>	<u>(30,660,824)</u>
Total accumulated depreciation	<u>(37,384,623)</u>	<u>(4,708,411)</u>	<u>2,435,014</u>	<u>(39,658,020)</u>
Net capital assets, being depreciated	<u>55,471,101</u>	<u>1,872,580</u>	<u>-</u>	<u>57,343,681</u>
Net component unit capital assets	<u>\$110,374,246</u>	<u>\$5,392,564</u>	<u>\$ -</u>	<u>\$115,766,810</u>

The beginning balances for the Road Commission's capital assets were restated to include twenty years of infrastructure as required by GASB Statement No. 34. The net increase in beginning net assets is \$67,949,819.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Depreciation expense of \$4,708,411 and \$73,750 was recognized by the Road Commission and Drains/Public Works governmental activities, respectively.

Activity for the capital assets of the Drains/Public Works for the year ended December 31, 2005, were as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ 325,000	\$ -	\$ 325,000
Capital assets, being depreciated:				
Machinery and equipment	17,500	-	-	17,500
Infrastructure	3,631,375	58,230	-	3,689,605
Total capital assets, being depreciated	3,648,875	58,230	-	3,707,105
Less accumulated depreciation for:				
Machinery and equipment	(17,500)	-	-	(17,500)
Infrastructure	(157,355)	(73,570)	-	(230,925)
Total accumulated depreciation	(174,855)	(73,570)	-	(248,425)
Net capital assets, being depreciated	3,474,020	(15,340)	-	3,458,680
Net component unit capital assets	<u>\$3,474,020</u>	<u>\$ 309,660</u>	<u>\$ -</u>	<u>\$3,783,680</u>

NOTE 5: EMPLOYEES' RETIREMENT SYSTEMS

PRIMARY GOVERNMENT

Defined Benefit Plan Description

The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Michigan Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy

The County is required to contribute at an actuarially determined rate; the current rate is from 0% to 25.11% of annual covered payroll depending on employee position and valuation division. County employees are required to contribute 4.0% to 8.09% of their annual covered payroll based on their classification or contract. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Annual Pension Cost

For the year ended December 31, 2005, the County's annual pension cost of \$913,599 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2004 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment of 20% of the difference between assumed earnings and market value (5 year smoothing) to reflect fair value. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2004, the date of the latest actuarial valuation, was 30 years.

Three Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/03	\$576,336	100%	\$ -
12/31/04	706,032	100	-
12/31/05	913,599	100	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Fund Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/02	\$28,704,334	\$34,038,334	\$5,334,400	84%	\$7,094,214	75%
12/31/03	30,445,166	36,656,074	6,210,908	83	7,201,641	86
12/31/04	31,858,742	41,238,093	9,379,351	77	7,467,219	126

Defined Contribution Plan – The County's defined contribution plan is offered through MERS and administered by ICMA; benefit provisions and contribution requirements are established and may be amended by the Allegan County Board of Commissioners. The County makes contributions of 4% of each participants salary and will match up to 100% of employee contributions up to an additional 2% of salary. Total contributions for the year were \$852,674, (\$275,500 employee and \$577,174 employer).

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

COMMUNITY MENTAL HEALTH SERVICE FUND

Defined Benefit Plan Description – The Mental Health’s defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Mental Health participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Michigan Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy – Mental Health is required to contribute at an actuarially determined rate; the current rate is 0.0% of annual covered payroll. Employees are also required to contribute 4.0%. The contribution requirements of Mental Health are established, and may be amended, by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Mental Health Board, depending on the MERS contribution program adopted by the Mental Health Board.

Annual Pension Cost – During the year ended September 30, 2005, Mental Health made contributions to the plan totaling \$0 which were based on actuarial projections of funding requirements. The actual contributions were equal to required contributions and the annual pension cost. Employee contributions for the same period were \$21,207.

Defined Contribution Plan

The Board’s Mental Health defined contribution plan is offered through MERS and administered by ICMA. Benefit provisions and contribution requirements are established and may be amended by Allegan County Community Mental Health Board. The Board makes contributions of 4% of each participants salary and will match 100% up to an additional 2% of salary. Employees may make voluntary contributions up to 17% of their salary. The covered payroll for the Plan was approximately \$4,910,000. Total contributions for the year ended September 30, 2005, were \$443,344 (\$137,152 employee and \$306,192 employer, 2.6 percent and 5.8 percent of covered payroll, respectively).

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

ROAD COMMISSION – COMPONENT UNIT

Plan Description

The Allegan County Road Commission is in an agent multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2% times the final average compensation (FAC). The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2002.

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA 5.333(a); MCLA 46.12(a)), as amended, State of Michigan. MERS is regulated under Michigan Public Act 427 of 1984, sections of which have been approved by the State Pension Commission, which also establish and amend benefit provisions. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, and requires employees to contribute 3% of the first \$4,200 of annual compensation and 5% of portions over \$4,200. The employees contributed \$130,788 during 2004 based on the 2002 actuarially determined rate.

Annual Pension Cost

During the year ended December 31, 2004, the Road Commission was required to make \$130,160 in contributions as determined by an actuarial valuation of the plan as of December 31, 2002. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years on an open basis. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Three Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2002	\$127,372	100%	\$ -
2003	160,663	100	-
2004	130,160	100	-

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Overfunded AAL (OAAL)	Funded Ratio	Covered Payroll	OAAL as a Percent of Covered Payroll
12/31/02	\$12,355,498	\$12,370,024	\$ 14,526	100%	\$2,685,007	1%
12/31/03	12,761,760	12,914,970	153,210	99	2,762,714	6
12/31/04	13,195,275	14,453,113	1,257,838	91	2,754,152	46

NOTE 6: COMPENSATED ABSENCES

Primary Government

Accrued Vacation and Sick Leave Payable

The accumulated vested paid time off of the employees of various County departments was \$1,026,186 at December 31, 2005. The entire balance of the sick and vacation liability special revenue fund has been designated to fund future sick and vacation liabilities. The statement of net assets also includes the Medical Care Facility's compensated absences balance.

Road Commission (Component Unit)

Vacation and Sick Leave Policies

Employees with 6 months of seniority are granted leave time of 16 hours per month. Office employees get an additional 16 hours per year at January 1. This leave time may be used to cover absences because of illness or vacation. Such leave may be accumulated to a maximum of 768 hours.

On the first payday of June each year, employees are paid an amount equal to all leave accrued in excess of 576 hours as shown in the records on December 31 of the preceding year.

Accumulated leave time is payable in full upon resignation or retirement. Office employees leave time is payable in full upon resignation, termination or retirement.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 7: POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Component Unit

The Road Commission provides postemployment health care benefits, in accordance with labor contracts and personnel policy, to all employees who retire from the Road Commission with 20 or more years of service. All retired employees contribute the cost of their health care insurance coverage in accordance with the terms and conditions as applicable to them as of their last date of active service with the Road Commission (either \$6 or 3.5% or 4% of premium). Full premium, less employee portion of medical benefits for the retired employees from the ages of 60 through 64 years old, (or 55 years old if they begin to receive MERS retirement) is paid by the Road Commission. When the retired employee attains the age of 65 years, the employer's contribution shall end under the contracts. Various other provisions of the program are also applicable. At year end 6 retirees meet the program requirements. Expenditures for post employment health care benefits are recognized as the insurance premiums become due. During the year, expenditures of \$19,638 were recognized for post employment health care by the Road Commission.

NOTE 8 LONG/SHORT-TERM DEBT

The individual long-term debt and other long-term obligations of Allegan County, and the changes therein, are summarized as follows:

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/05</u>	<u>Due within One Year</u>
<u>Governmental Activities:</u>					
Limited Tax General Obligation Bond dated December 1, 1997 for \$1,375,000, maturing serially to 2018 in annual amounts ranging from \$25,000 to \$125,000, and bearing interest at rates ranging 4.5 to 5.25% for Allegan County Building Authority.	\$ 1,175,000	\$ -	\$ (50,000)	\$ 1,125,000	\$ 50,000
2001A Limited Tax General Obligation Bond dated June 1, 2001 for \$10,800,000, maturing serially to 2021 in annual amounts ranging from \$350,000 to \$1,625,000 and bearing interest at rates ranging from 4.5 to 5.25% for Allegan County Building Authority.	8,565,000	-	(375,000)	8,190,000	375,000
2001B Limited Tax General Obligation Bond dated September 1, 2001 for \$8,295,000 maturing serially to 2005 in annual amounts ranging from \$1,245,000 to \$2,250,000 and bearing interest at rates ranging from 4.125 to 4.250% for Allegan County Building Authority.	1,245,000	-	(1,245,000)	-	-
Compensated absences	1,246,801	1,211,957-	(1,246,801)	1,211,957	1,211,957
Total Long-Term Debt – Governmental Activities	12,231,801	1,211,957	(2,916,801)	10,526,957	\$ 1,636,957
Unamortized discounts	(159,939)	-	17,363	(142,576)	
Net Long-Term Debt – Governmental Activities	\$12,071,862	\$1,211,957-	\$(2,899,438)	10,384,381	

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

COMPONENT UNITS

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/05</u>	<u>Due within One Year</u>
<u>Drain/DPW Component Unit</u>					
Bonds Payable					
Revenue Bonds dated September 1, 1977 for \$2,150,000, maturing serially to 2005 in annual amounts ranging from \$10,000 to \$125,000, and bearing interest at rates ranging from 5 to 7% for Sewage Disposal System No.5/ Saugatuck-Douglas.	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
Limited Tax General Obligation Bond dated November 1, 1995, for \$925,000, maturing serially to 2014 in annual amounts ranging from \$25,000 to \$75,000, and bearing interest at rates ranging from 4.2 to 6.5% for Sanitary Sewer System No.13/City of Saugatuck.	600,000	-	(50,000)	550,000	50,000
Limited Tax General Obligation Bond dated August 3, 2004, maturing serially to 2016 in annual amounts ranging from \$35,000 - \$60,000, with interest ranging from 2-4.125% for Otsego Township Water Supply and Sewage Disposal No. 3.	645,000	-	(35,000)	610,000	35,000
Limited Tax General Obligation Bond dated August 1, 1995 for \$665,000, maturing serially to 2015 in annual amounts ranging from \$25,000 to \$60,000, with interest ranging from 4.25 to 6.1% for Sanitary Sewer System No.12/Township of Allegan.	385,000	-	(75,000)	310,000	60,000
Limited Tax General Obligation Bond dated April 1, 1997 for \$1,140,000, maturing serially to 2017 in annual amounts from \$25,000 to \$75,000, and bearing interest at rates ranging from 4.5 to 6.5% for Casco-South Haven Water Supply System. Partially refunded in 2004.	100,000	-	(50,000)	50,000	50,000
Limited Tax General Obligation Refunding Bonds dated September 22, 2004 for \$3,410,000 maturing serially to 2017 in annual amounts ranging from \$70,000 - \$325,000, and bearing interest at rates ranging from 2.75-4% for CASC – South Haven Wastewater Treatment water supply.	3,410,000	-	(235,000)	3,175,000	255,000
Limited Tax General Obligation Bond dated March 1, 2002 for \$1,370,000 maturing serially to 2041 in annual amounts ranging from \$10,000 to \$55,000 with an interest rate of 4.75% for Martin Village Water Supply System.	1,315,970	-	(34,000)	1,281,970	10,000

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/05</u>	<u>Due within One Year</u>
<u>Drain/DPW Component Unit (Continued)</u>					
Bonds Payable (Continued)					
Limited Tax General Obligation Bond dated October 1, 1998 for \$1,550,000, maturing serially to 2020 in annual amounts ranging from \$25,000 to \$125,000, and bearing interest at rates ranging from 3.9 to 6.9% for Sewage Disposal System No. 15 / City of Wayland.	\$1,400,000	\$ -	\$ (50,000)	\$1,350,000	\$ 50,000
Limited Tax General Obligation Bond dated July 1, 1998 for \$5,830,000, maturing serially to 2012 in annual amounts ranging from \$225,000 to \$500,000 and bearing interest ranging from 4.25 to 4.3% for Dorr-Leighton Sewage Disposal System.	4,000,000	-	(4,000,000)	-	-
Limited Tax General Obligation Bonds dated May 1, 1999 for \$1,575,000, maturing serially to 2020 in annual amounts ranging from \$25,000 to \$125,000, and bearing interest ranging from 4.75 to 5.625% for Sewage Disposal System #15 (Wayland).	1,425,000	-	(50,000)	1,375,000	50,000
Sewage Disposal System Bonds dated April 15, 1999 for \$1,395,000, maturing serially to 2018 in annual amounts ranging from \$50,000 to \$100,000, and bearing interest ranging from 4.20 to 4.80% for extension of the Fillmore Township System.	1,125,000	-	(50,000)	1,075,000	75,000
Drain District Bond dated July 15, 2000 for \$970,000, maturing serially to 2005 in amounts ranging from \$170,000 to \$200,000, and bearing interest ranging from 4.4 to 4.8% for the Byron Dorr Inter County Drain.	200,000	-	(200,000)	-	-
Limited Tax General Obligation Bonds dated March 8, 2000 for \$1,375,000, maturing serially to 2020 in annual amounts ranging from \$25,000 to \$125,000, and bearing interest ranging from 4.7 to 6% for Otsego Township Water Supply & Sewer Disposal System #3, Otsego Township.	1,300,000	-	(25,000)	1,275,000	50,000
Limited Tax General Obligation Bonds dated October 1, 2001 for \$855,000, maturing serially to 2011 in annual amounts ranging from \$85,000 to \$90,000, and bearing interest at 3.75% for McConnell Drain Bonds.	600,000	-	(85,000)	515,000	85,000

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/05</u>	<u>Due within One Year</u>
<u>Drain/DPW Component Unit (Continued)</u>					
Bonds Payable (Continued)					
Limited Tax General Obligation Bonds dated November 3, 2005 for \$3,590,000, maturing serially to 2025 in annual amounts ranging from \$50,000 to \$350,000, and bearing interest ranging from 3.5 to 4% for Water Supply & Sewer Disposal System #8, Fillmore Township.	\$ -	\$3,590,000	\$ -	\$ 3,590,000	\$ -
Total Drain/DPW Bonds Payable	16,630,970	3,590,000	(5,064,000)	15,156,970	770,000
Drain Notes Payable					
Drain District note dated August 27, 2003 for \$300,000 maturing in 2008 plus interest at 3.0% for the Gudith Drainage District.	240,000	-	(60,000)	180,000	60,000
Drain District note dated July 10, 2000 for \$128,609 maturing in 2005 in annual amounts of \$25,722 plus interest at 5.37% for the 737 Pearl Street Drainage District.	25,721	-	(25,721)	-	-
Drain District note dated November 28, 2000 for \$267,925 maturing in 2007 in annual amounts of \$38,275 plus interest at 5.49% for the 214 Gilbert-Wademan Drain Drainage District.	114,825	-	(38,275)	76,550	38,275
Drain District note dated June 15, 2001 for \$182,168 maturing in 2008 in annual amounts of \$26,024 plus interest at 4.27% for the 2001 Kelly Lake Inter County Drainage District.	104,096	-	(26,024)	78,072	26,024
Drain District note dated July 17, 2003 for \$9,560 maturing in 2005 plus interest at 2.18% for the 2003 Parker Inter County Drainage District.	4,780	-	(4,780)	-	-
Drain District note dated August 18, 2003 for \$44,904 maturing in 2006 plus interest at 2.0% for the 2003 Eskes & Extension Drainage District.	29,936	-	(14,968)	14,968	14,968
Drain District note dated August 22, 2003 for \$18,794 maturing in 2005 plus interest at 2.0% for the 2003 Bisbee Intercounty Drainage District.	9,397	-	(9,397)	-	-
Drain District note dated December 18, 2003 for \$300,000 maturing in 2005 plus interest at 1.99% for the 2003 Bear Swamp Drainage District.	300,000	-	(300,000)	-	-

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>(Deductions)</u>	<u>Balance 12/31/05</u>	<u>Due within One Year</u>
<u>Drain/DPW Component Unit (Continued)</u>					
Drain Notes Payable (Continued)					
Drain District note dated December 22, 2003 for \$2,800 maturing in 2005 plus interest at 3.23% for the 2003 Pickerel Lake Drainage District	\$ 2,800	\$ -	\$ (2,800)	\$ -	\$ -
Drain District note dated December 22, 2003 for \$4,880 maturing in 2005 plus interest at 3.23% for the 2003 Bear Swamp Drainage District..	4,880	-	(4,880)	-	-
Drain District note dated December 23, 2003 for \$10,000 maturing in 2005 plus interest at 3.23% for the 2003 Berkel Drainage District.	10,000	-	(10,000)	-	-
Drain District note dated June 15, 2001 for \$111,846 Maturing in 2008 plus interest at 4.23% for the 2001 Virginia Park Inter County Drainage District.	63,912	-	(15,978)	47,934	15,978
Drain District note dated August 27, 2003 for \$148,000 maturing in 2008 plus interest at 3.0% for the Kuipers Drainage District.	118,400	-	(29,600)	88,800	29,600
Drain District note dated July 3, 2002 for \$44,106 maturing in 2005 plus interest at 2.9% for the 2002 Garton Drainage District.	14,702	-	(14,702)	-	-
Drain District note dated July 3, 2002 for \$12,540 maturing in 2005 plus interest at 2.9% for the 2002 Waldron Drainage District.	4,180	-	(4,180)	-	-
Drain District note dated September 27, 2002 for \$109,685 maturing in 2012 plus interest at 4.94% for the 2002 Cook-Chappel Drainage District.	87,748	-	(10,969)	76,779	10,969
Drain District note dated October 4, 2002 for \$132,638 maturing in 2007 plus interest at 2.89% for the 2002 Boyd Intercounty Drainage District.	79,582	-	(26,526)	53,056	26,528
2004 Nelson Gilkey dated September 30, 2004 at 3.65% maturing annually through 2008 \$42,425 annually.	169,700	-	(42,425)	127,275	42,425
2004 Berkel dated December 10, 2004 at 2.55% maturing annually through 2006 \$10,750 annually.	21,500	-	(10,750)	10,750	10,750
2004 Hoffman, Harrington dated December 10, 2004 at 2.55% matures in 2006.	2,748	-	-	2,748	2,748
2004 Kuipers dated December 10, 2004 at 3.69% maturing annually through 2008 \$6,045 annually.	18,135	-	-	18,135	6,045

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Balance 1/1/05	Additions	(Deductions)	Balance 12/31/05	Due within One Year
<u>Drain/DPW Component Unit (Continued)</u>					
Drain Notes Payable (Continued)					
2004 Sission dated December 10, 2004 at 2.55% maturing annually through 2006 \$7,940 annually.	\$ 7,880	\$ -	\$ (3,940)	\$ 3,940	\$ 3,940
2004 Symons dated December 10, 2004 at 2.55% matures in 2006.	20,000	-	-	20,000	20,000
2004 Tibbie dated December 10, 2004 at 2.55% matures in 2006.	2,632	-	-	2,632	2,632
2004 Tomopilsky dated December 10, 2004 at 2.55% matures 2006.	7,000	-	-	7,000	7,000
2004 Buttemut dated December 10, 2004 at 2.55% matures 2006.	2,072	-	-	2,072	2,072
2004 Sunset Shores dated March 15, 2004 at 2.24% maturing annually through 2007 in amounts of \$94,826.	284,478	-	(94,826)	189,652	94,826
Total Drain/DPW Notes Payable	1,751,104	-	(750,732)	1,000,363	414,780
Total Drain/DPW Component Unit Bonds and Notes	18,382,074	3,590,000	(5,814,741)	16,157,333	1,184,780
Drain notes payable short-term included as fund liabilities	383,981	1,500,000	(383,981)	1,500,000	1,500,000
Total Drain/DPW Component Unit	\$18,766,055	\$5,090,000	\$(6,198,722)	\$17,657,333	\$2,684,780

Road Commission Component Unit

The long-term debt of the Road Commission is summarized as follows:

Installment Purchase Agreements					
Caterpillar Financial Services					
Two Motor Graders December 2001	\$ 221,221	\$ -	\$ (23,592)	\$ 197,629	\$ 197,629
Vested Employee Benefits	418,759	-	(5,646)	413,113	-
Total Road Commission Component Unit	639,980	-	(29,238)	610,742	197,629
Total Component Units	19,406,035	5,090,000	(6,227,959)	18,268,075	2,882,409
TOTAL LONG/SHORT-TERM DEBT	\$31,477,897	\$6,301,957	\$(9,127,397)	\$28,652,457	\$4,519,366

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

The annual requirements to maturity on the long-term debt outstanding at December 31, 2005, are as follows:

	Primary Government		Drain/DPW		Road Commission	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 425,000	\$ 434,512	\$1,184,780	\$ 696,031	\$197,629	\$8,945
2007	450,000	415,294	1,235,670	626,297	-	-
2008	475,000	394,872	1,101,041	581,231	-	-
2009	500,000	373,200	945,968	538,422	-	-
2010	525,000	350,119	945,968	500,582	-	-
2011-2015	3,100,000	1,343,400	4,831,936	1,917,660	-	-
2016-2020	3,750,000	498,475	3,385,000	970,648	-	-
2021-2025	90,000	2,306	1,800,000	379,620	-	-
2026-2030	-	-	215,000	161,620	-	-
2031-2035	-	-	245,000	99,038	-	-
2036-2040	-	-	266,970	54,626	-	-
Total	<u>\$9,315,000</u>	<u>\$3,812,178</u>	<u>\$16,157,333</u>	<u>\$6,525,775</u>	<u>\$197,629</u>	<u>\$8,945</u>

Prior Year Defeasance

During fiscal year 2004 and prior years, Allegan County advance refunded certain general obligation bonds by purchasing U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$2,350,000 of defeased debt. As a result, the bonds are considered to be defeased and the liability has been removed from the statement of net assets.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 9: INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund balances as of December 31, 2005 (September 30, 2005 for Special Revenue Mental Health Fund) represent loans for cash flow purposes and are as follows:

	<u>Mental Health</u>	<u>Non-major Governmental Fund</u>	<u>Total</u>
DUE FROM PRIMARY GOVERNMENT			
Major Funds:			
General Fund	\$18,680	\$120,000	\$138,680
Nonmajor Governmental Funds	-	111,886	111,886
Total Primary Government	<u><u>\$18,680</u></u>	<u><u>\$231,886</u></u>	<u><u>\$250,566</u></u>

	<u>Advances Receivables</u>	<u>Advances Payables</u>
PRIMARY GOVERNMENT		
Major Funds:		
General Fund	\$180,000	\$ -
Nonmajor Governmental Funds	297,851	297,851
COMPONENT UNITS		
DPW/Drain Commission	-	180,000
Total	<u><u>\$477,851</u></u>	<u><u>\$477,851</u></u>

NOTE 10: RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

PRIMARY GOVERNMENT

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools, and commercial insurance and excess coverage policies. Following is a summary of these self-insurance programs and risk management pool participation.

Liability

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage and property damage coverages. The MMRMA provides risk management, underwriting, reinsurance and claims review and processing services for all member governments pursuant to its charter.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from an internal service fund (i.e., the Self-Insurance Fund) using premiums paid into it by other funds of the government. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members self-insurance retention limits along with certain other member-specific costs. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for the years ended December 31, 2004 and 2005 are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Net Claim Payments	End of Year Liability
2004	\$411,225	\$13,381	\$182,795	\$241,811
2005	241,811	28,363	108,669	161,505

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Coverage	Self-insured retention
Liability	\$100,000
Property and Crime	
\$1,000 deductible per occurrence	10% of the next \$100,000

Employee Health Insurance

County employees are eligible for vision and life insurance available through insurance companies. Health and dental insurances are provided for through the Self-Insurance Fund, an internal service fund. The self-insured programs are administered by a third-party administrator who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Premiums for both commercial and self-insured programs are paid into the internal service funds by all other funds based on actual or illustrated rates. These premiums are used to purchase insurance coverage from commercial carriers, or in the case of the self-insured programs, are available to pay health care claims, claim reserves, excess coverage and administrative costs. Excess coverage insurance purchased by the County covers individual claims in excess of \$75,000 annually, subject to an aggregate annual limitation of \$1,000,000. The liability at the end of the year is based on claims already incurred and not reported.

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

The changes in the claims liability for the years ended December 31, 2005 and 2004 are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2004	\$634,222	\$4,810,409	\$4,847,631	\$597,000
2005	597,000	4,335,288	5,418,567	486,279

Unemployment

The County is self-insured for unemployment benefits, which is also accounted for in the Self Insurance Internal Service Fund. Unemployment claims are reimbursed to Michigan Employee Security Commission based on actual claims annually. The reserve for unemployment benefits is determined by management based on prior experience. Unemployment benefits are expended when paid. There is no end of year claims liability for unemployment.

Workers' Compensation

The government maintains a self-insurance program for workers' compensation coverage which is accounted for in the Self Insurance Internal Service Fund. The specific risk retention associated with the worker's compensation self insurance activity is \$400,000 with a liability limit of \$1,000,000 provided to the County through excess insurance coverage. The program is administered by a third party administrator who conducts safety inspections and provides claims review and processing services. Premiums are paid into the internal service fund by all other funds based on payrolls and job classifications and are available to pay claims, claim reserves, excess coverage and administrative costs.

ALLEGAN COUNTY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for the years ended December 31, 2004 and 2005 are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2004	\$150,656	\$191,309	\$277,817	\$64,148
2005	64,148	161,010	164,887	60,271

There have been no significant reductions in insurance coverage from coverage in prior years and settlements have not exceeded insurance coverage for each of the past three years.

Community Mental Health Service Fund

Community Mental Health service provides health, dental and short-term disability insurances to all its eligible employees through the Mental Health Self Insurance Internal Service Fund. The self-insured programs are administered by a third-party administrator who provides claims review and process services as well as illustrated premium rates, which are anticipated, over time, to approximate the actual cost of benefits.

Premiums for self-insured programs are paid into the internal service funds based on actual or illustrated rates. These premiums are available to pay health care claims, claim reserves, excess coverage and administrative costs. Excess coverage insurance purchased by Mental Health covers individual claims in excess of \$30,000 annually, subject to an aggregate annual limitation of \$1,000,000 for medical claims only. The liability at the end of the year is based on claims already incurred and reported as well as an estimate for claims incurred but not reported at September 30, 2005.

The changes in the claims liability for the years ended September 30, 2004 and 2005 are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Year Liability
2004	\$205,900	\$965,684	\$1,091,625	\$ 79,959
2005	79,959	932,621	895,815	116,765

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

ROAD COMMISSION (COMPONENT UNIT)

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for Inland Marine and physical damage (building and contents) and medical benefits claims. The Road Commission participates in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, errors and omissions and physical damage (equipment). The Road Commission participates in the County Road Commission Self-Insurance Fund (CRCSIF) for workers' compensation insurance. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 fiscal years.

The County road commissions in the State of Michigan established a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool), pursuant to the provision of Act 138 of the Michigan Public Acts of 1982. The pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State. The Allegan County Road Commission became a member in the pool in April 1984 and became a member in CRCSIF in 1981.

The Michigan County Self-Insurance Pool program operates as a common risk-sharing management program for road commissions in Michigan; member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE 11: TRANSFERS

Transfers in and out as of December 31, 2005 (September 30, 2005 for Special Revenue Mental Health Fund) are as follows:

	Transfers In				Total
	General Fund	Health Department	Mental Health	Non-major Governmental Funds	
Transfers Out					
General Fund	\$ -	\$1,010,171	\$150,000	\$4,226,650	\$5,386,821
Central Dispatch/E911	-	-	-	1,264,518	1,264,518
Revenue Sharing Reserve	1,926,851	-	-	-	1,926,851
Nonmajor Governmental Funds	-	-	-	952,034	952,034
Enterprise Funds					
Delinquent Tax Fund	-	-	-	1,523,118	1,523,118
Total	\$1,926,851	\$1,010,171	\$150,000	\$7,966,320	\$11,053,342

Transfers are used to move unrestricted revenues in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them.

ALLEGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 12: LITIGATION

In the normal course of its activities, the County is a party to various legal actions and subject to certain asserted and unasserted claims and assessments. Although other actions have been brought, the County has not experienced any additional significant losses or costs. It is the County's opinion that the outcome of any pending actions will not have a material effect on the County's financial position or results of operations.

NOTE 13: COMMITMENTS

The County is a lessor under an operating lease agreement for office space. The original cost of the leased assets constructed in 2002 is \$6,264,137 with accumulated depreciation of \$469,809 at year end. Future lease revenues for these facility leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2006	\$ 394,283
2007	394,283
2008	394,283
2009	394,283
2010	394,283
2011-2015	1,971,415
2016-2020	1,971,415
2021-2024	<u>887,137</u>
Total	<u>\$6,801,382</u>

The County had outstanding maintenance agreement commitments of approximately \$3,169,594 at year end.

NOTE 14: RESTATEMENT

To properly reflect grant revenue in the transit fund and vaccine inventory in the government-wide statements prior period adjustments have been made. For the fiscal year ended December 31, 2005, the following restatements were made to beginning net asset accounts:

Governmental net assets, December 31, 2004	\$38,883,705
Add: Prior period adjustment to reflect vaccine inventory	69,534
Deduct: Prior period adjustment to reflect appropriate grant accrual	<u>(215,283)</u>

Governmental net assets, restated, as of December 31, 2004	<u>\$38,737,956</u>
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In addition, the following adjustments were made to the beginning fund balances of governmental funds:

Fund balances of governmental funds as of December 31, 2004	\$22,606,453
Deduct – Prior period adjustment to reflect appropriate grant accrual	<u>(215,283)</u>
Governmental fund balance, restated, as of December 31, 2004	<u>\$22,391,170</u>

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ALLEGAN COUNTY

**GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Taxes and Penalties				
Current Property Taxes	\$ 15,663,552	\$ 15,663,552	\$ 16,145,239	\$ 481,687
Delinquent Real Property Taxes	100	100	6,289	6,189
Delinquent Personal Property Taxes	35,000	35,000	68,918	33,918
Payments-in-Lieu of Taxes	36,600	36,600	36,600	-
Trailer Taxes	30,000	30,000	27,157	(2,843)
Commercial Forest Reserve	500	500	-	(500)
Industrial Facility Tax	475,000	475,000	383,217	(91,783)
TOTAL TAXES AND PENALTIES	16,240,752	16,240,752	16,667,420	426,668
Licenses and Permits				
Pistol Permits	4,550	4,550	3,900	(650)
Concealed Weapons Licenses	5,200	5,200	7,436	2,236
Dog Licenses	68,000	68,000	55,874	(12,126)
Marriage Licenses	16,300	16,300	17,350	1,050
Professional Registration	50	50	50	-
Explosive Permit	-	-	1	1
Soil Erosion Permit	49,000	59,000	63,891	4,891
TOTAL LICENSES AND PERMITS	143,100	153,100	148,502	(4,598)
Federal Grants				
Emergency Management	26,021	26,021	27,098	1,077
FOC Cooperative Reimbursement	775,000	775,000	757,705	(17,295)
FOC Incentive Program	135,000	135,000	161,480	26,480
Secondary Road Patrol	168,000	168,000	170,133	2,133
WEMET--Sheriff	28,000	35,718	61,881	26,163
TOTAL FEDERAL GRANTS	1,132,021	1,139,739	1,178,297	38,558
State Grants				
Judicial Salaries	320,000	320,000	339,768	19,768
Juvenile Officer's Salary	53,000	53,000	62,974	9,974
Court Reimbursement	620,000	620,000	625,993	5,993
Jail Technical Assistance	23,000	20,000	19,515	(485)
Marine Safety Program	35,000	35,000	87,791	52,791
State Revenue Sharing	1,836,296	1,836,296	-	(1,836,296)
Single Business Tax	150,000	150,000	-	(150,000)
Liquor Law Enforcement	19,000	19,000	20,752	1,752

(Continued)

ALLEGAN COUNTY**GENERAL FUND****SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE
BUDGET AND ACTUAL (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
State Grants (Continued)				
Cigarette Tax	\$ 66,063	\$ 66,063	\$ 66,051	\$ (12)
Crime Victims' Rights Act	91,600	91,600	90,231	(1,369)
LEPC	4,396	4,396	197	(4,199)
Prosecuting Attorney	3,200	3,200	-	(3,200)
Food Stamp Fraud	500	500	1,125	625
Monumentation Program	121,868	121,868	147,778	25,910
Convention/Tourism Tax	346,577	346,577	346,809	232
MDOT Handicap Transportation	78,635	46,675	40,970	(5,705)
TOTAL STATE GRANTS	3,769,135	3,734,175	1,849,954	(1,884,221)
Charges for Services				
Circuit Court Costs	180,450	180,450	210,490	30,040
Circuit Court Bond Costs	3,000	3,000	3,520	520
Circuit Court Services	45,500	45,500	47,764	2,264
District Court Costs	1,135,000	1,135,000	1,127,401	(7,599)
District Court Bond Costs	50	50	162	112
Juvenile Court Costs	12,500	12,500	11,544	(956)
Juvenile Bond Costs	250	250	-	(250)
Crime Victims' Rights	11,000	11,000	10,866	(134)
District Court Fees	161,000	161,000	212,790	51,790
Driver's License Reinstatement	40,000	40,000	41,146	1,146
Attorney Reimbursements	15,000	15,000	17,744	2,744
Friend of the Court Service Fees	57,600	57,600	47,385	(10,215)
County Treasurer Services	21,725	21,725	6,062	(15,663)
County Clerk Services	84,365	84,365	107,953	23,588
Drain Commission Services	2,950	1,823	2,023	200
Juvenile Court Service Fees	12,700	12,700	16,564	3,864
Probate Court Services	46,500	46,500	37,726	(8,774)
Probation-District Court Fees	160,000	160,000	177,729	17,729
Prosecuting Attorney Services	-	-	4,256	4,256
Animal Shelter Fees	7,500	3,600	3,022	(578)
Sheriff Services	96,813	150,578	121,341	(29,237)
Secondary Road Patrol	-	4,195	-	(4,195)
Register of Deeds Services	843,900	843,900	619,289	(224,611)
Real Estate Transfer Tax	500,000	500,000	590,751	90,751
Equalization Services	5,400	5,400	4,902	(498)
Computer Services	-	-	38,672	38,672
Courier Services	14,750	14,750	14,750	-
Prisoners' Board	220,000	184,000	162,376	(21,624)
Sale of Commissary	18,000	18,000	19,453	1,453
Drug Case Information	1,400	1,400	1,473	73
Driver License Restoration	500	500	728	228
Drunk Driving Revenue	37,000	37,000	40,281	3,281
Sale-Other	48,750	62,353	66,273	3,920
TOTAL CHARGES FOR SERVICES	3,783,603	3,814,139	3,766,436	(47,703)

(Continued)

ALLEGAN COUNTY**GENERAL FUND****SCHEDULE OF REVENUES AND OTHER SOURCES--BY SOURCE
BUDGET AND ACTUAL (CONCLUDED)****FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Fines and Forfeits				
Bond Forfeitures	\$ 40,000	\$ 40,000	\$ 45,735	\$ 5,735
Ordinance Fines	240,075	240,075	203,799	(36,276)
TOTAL FINES AND FORFEITS	280,075	280,075	249,534	(30,541)
Interest and Rentals				
Interest Earned	250,000	250,000	110,641	(139,359)
Rental Income	611,613	646,613	656,723	10,110
TOTAL INTEREST AND RENTALS	861,613	896,613	767,364	(129,249)
Other Revenues				
Other Contributions	400	1,120	1,145	25
Inmate Reimbursement	7,500	10,500	13,138	2,638
Work Release Program	10,000	17,000	27,744	10,744
Reimbursements--Indirect Costs	1,016,939	1,016,939	1,003,485	(13,454)
Other Reimbursements and Refunds	263,220	323,774	308,112	(15,662)
Other Miscellaneous Revenues	-	3,510	3,510	-
Reimbursements--Election	20,000	20,000	37,188	17,188
Cash Over (Short)	-	-	(32)	(32)
TOTAL OTHER REVENUES	1,318,059	1,392,843	1,394,290	1,447
TOTAL REVENUES	27,528,358	27,651,436	26,021,797	(1,629,639)
Other Sources				
Transfers In				
Revenue Sharing Reserve	-	-	1,926,851	1,926,851
Sale of Capital Assets	-	-	1,236	1,236
TOTAL OTHER SOURCES	-	-	1,928,087	1,928,087
TOTAL REVENUES AND OTHER SOURCES	\$ 27,528,358	\$ 27,651,436	\$ 27,949,884	\$ 298,448

(Concluded)

ALLEGAN COUNTY

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Legislative				
Board of Commissioners	\$ 353,590	\$ 424,590	\$ 459,332	\$ 34,742
Judicial				
Circuit Court	1,418,730	1,418,730	1,296,406	(122,324)
District Court	1,453,654	1,453,654	1,357,545	(96,109)
Friend of the Court	1,129,047	1,129,047	1,106,046	(23,001)
Jury Board	9,234	9,234	6,244	(2,990)
Probate Court	395,511	395,511	361,577	(33,934)
Probate Court--Juvenile	320,453	320,453	306,835	(13,618)
Guardian/Conservators	80,000	80,000	54,935	(25,065)
Probation-Circuit Court	5,230	5,230	4,979	(251)
Probation-District Court	366,724	366,724	318,440	(48,284)
Family Counseling Services	13,125	13,125	8,517	(4,608)
TOTAL JUDICIAL	5,191,708	5,191,708	4,821,524	(370,184)
General Government				
Administrative Department	234,244	234,244	227,216	(7,028)
Elections	100,673	100,673	78,393	(22,280)
Accounting Department	320,088	320,088	316,852	(3,236)
Auditing Services	46,500	46,500	47,230	730
Clerk	576,354	576,354	550,658	(25,696)
Births and Deaths	275	275	-	(275)
Equalization	411,380	430,101	429,670	(431)
Personnel Department	274,902	274,902	248,008	(26,894)
Victim's Rights Act	101,486	101,486	97,032	(4,454)
Prosecuting Attorney	1,015,545	1,015,545	1,003,743	(11,802)
Register of Deeds	325,765	325,765	323,066	(2,699)
Treasurer	409,338	529,338	508,492	(20,846)
Cooperative Extension	180,513	180,513	184,709	4,196
Network System	992,335	1,004,157	1,001,878	(2,279)
Animal Shelter Building	11,812	15,312	14,707	(605)
Central Dispatch Building	103,834	145,334	133,525	(11,809)
Courthouse Building	330,973	430,140	427,641	(2,499)
Human Services Building	276,212	271,212	225,797	(45,415)
Medical Care Facility Building	113,717	123,717	119,744	(3,973)
Facilities Management	711,883	735,883	728,073	(7,810)
Mail	273,215	219,215	181,596	(37,619)
Communittee Mental Health - ADAP Building	11,345	9,345	6,632	(2,713)
Communittee Mental Health - Administration Building	15,684	24,184	23,134	(1,050)
Jail Building	292,705	307,205	294,327	(12,878)
County Services Building	187,065	183,065	126,111	(56,954)
Dumont Lake Complex	65,435	49,435	51,876	2,441
Youth Home Building	154,596	145,596	150,272	4,676
Drain Commissioner	313,707	310,121	308,657	(1,464)
Records Management	210,717	210,717	168,645	(42,072)
TOTAL GENERAL GOVERNMENT	8,062,298	8,320,422	7,977,684	(342,738)

(Continued)

ALLEGAN COUNTY**GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL (CONTINUED)****FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Public Safety				
Sheriff	\$ 3,895,708	\$ 4,171,522	\$ 4,123,827	\$ (47,695)
WEMET--Sheriff	78,806	89,879	95,126	5,247
Secondary Road Patrol Program	263,408	271,530	273,715	2,185
Sheriff Reserves	56,488	59,286	56,908	(2,378)
Detective Bureau	591,984	625,879	631,000	5,121
Courthouse Secretary	-	-	624	624
Sheriff--Radio	28,750	24,250	25,653	1,403
Marine Law Enforcement	121,243	117,317	115,283	(2,034)
Jail	2,876,354	2,851,439	2,628,943	(222,496)
Planning Commission	24,008	24,008	6,779	(17,229)
Plat Board	1,356	1,356	1,207	(149)
Emergency Management	88,216	88,216	87,025	(1,191)
LEPC	32,198	32,198	28,917	(3,281)
Animal Shelter	170,726	171,873	116,819	(55,054)
Livestock Claims	1,250	1,250	45	(1,205)
TOTAL PUBLIC SAFETY	8,230,495	8,530,003	8,191,871	(338,132)
Public Works				
Department of Public Works	36,335	36,335	1,877	(34,458)
Drains--Public Benefits	122,813	122,813	123,601	788
Monumentation Program	121,868	121,868	133,250	11,382
TOTAL PUBLIC WORKS	281,016	281,016	258,728	(22,288)
Health and Welfare				
Substance Abuse Services	173,283	173,283	154,981	(18,302)
Communicable Diseases	10,000	28,000	20,550	(7,450)
Medical Examiner	188,668	188,668	153,028	(35,640)
Family Planning Program	23,000	23,000	23,000	-
MDOT Grant--Handicap Trans 96/97	78,635	27,016	19,922	(7,094)
Veterans' Burial	26,863	26,863	24,549	(2,314)
TOTAL HEALTH AND WELFARE	500,449	466,830	396,030	(70,800)

(Continued)

ALLEGAN COUNTY**GENERAL FUND****SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL (CONCLUDED)****FOR THE YEAR ENDED DECEMBER 31, 2005**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Other				
Employees' Fringe Benefits	\$ 23,000	\$ 23,000	\$ 53,151	\$ 30,151
Retirement--County Share	1,820	1,820	665	(1,155)
Insurance and Bonds	496,061	496,061	493,699	(2,362)
Contingencies	282,045	16,070	15,890	(180)
TOTAL OTHER	802,926	536,951	563,405	26,454
TOTAL EXPENDITURES	23,422,482	23,751,520	22,668,574	(1,082,946)
Other Uses				
Transfers Out				
Law Library Fund	28,700	28,700	28,700	-
Health Department	963,547	963,547	963,547	-
Mental Health Fund	150,000	150,000	150,000	-
Child Care Probate Fund	2,722,530	2,722,530	2,722,530	-
Medical Care Facility	144,192	144,192	144,192	-
Park Fund	280,924	280,924	422,409	141,485
Other Funds	196,962	196,962	196,962	-
Health Fund - Cigarette Tax	47,124	47,124	46,624	(500)
Social Welfare Fund	7,500	7,500	7,500	-
Transportation	15,750	15,750	15,750	-
Grant Match	327,617	343,186	688,607	345,421
Total Operating transfers	4,884,846	4,900,415	5,386,821	486,406
TOTAL OTHER USES	4,884,846	4,900,415	5,386,821	486,406
TOTAL EXPENDITURES AND OTHER USES	\$ 28,307,328	\$ 28,651,935	\$ 28,055,395	\$ (596,540)

(Concluded)

COUNTY OF ALLEGAN
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005
SPECIAL REVENUE FUNDS

Parks Fund (208.0)

This Fund was established for the development, maintenance and operation of the Allegan County parks. Funding is provided from General Fund appropriations, State grants, and user charges.

Land Information Systems (G.I.S.) (210.0)

This Fund tracks operational expenses for the County's G.I.S. department. Revenue is from General Fund appropriations and fees.

Friend of the Court PA 294 (215.0)

The Fund was established under Act 297 of 1982, Section 2530. It is used to account for additional judgement fees collected plus 3% of the Friend of the Court incentive payments.

Transportation Grant Fund (230.0)

This Fund is used to account for grants from the Michigan Department of Transportation to provide public transportation in concentrated areas for residents of Allegan County.

Public Improvement Fund (245.0)

This Fund is used to account for earmarked revenues set aside for public improvements. Funding is provided from General Fund appropriations and the Delinquent Tax Revolving Funds.

MIFPI Community Team (255.0)

This Fund is utilized to account for resources received which are utilized to support the MIFPI Community Team.

Register of Deeds Automation (256.0)

This Fund is utilized to account for resources received which are utilized to add technology and automation to the Register of Deeds Office.

Budget Stabilization Fund (257.0)

This Fund was established to assure the continued solid financial condition of the County in case of an emergency.

Sick & Vacation Liability Fund (258.0)

This Fund is used to account for the year-end leave time balances carried by employees.

Drug Law Enforcement Fund-Sheriff (265.0-265.1)

This Fund is used to account for earmarked revenue set aside for drug law enforcement under the provisions of Public Act 135 of 1985.

Law Enforcement Training Fund (266.0)

This Fund is used to account for law enforcement training funds received through Public Act 302.

Law Library Fund (269.0)

This Fund is used to account for monies received from the Library Penal Fines in accordance with Public Act 18 of 1982, and appropriations from the County for the purpose of maintaining the County's law library.

Grant Administration (271.0)

This Fund is used to fund account for the administrative fees charged to many of the County's grants. These funds are then used to provide financial administration for the grants.

Housing Assistance Fund (277.0-277.1)

This Fund is used to record the transactions for the County's Community Development Block Grant Housing Program.

Public Safety Grant (280.0-280.9)

This Fund is used to account for contracts with townships, cities, and schools where the County provides various law enforcement activities.

Law Enforcement Road Patrol (280.0)

This Fund is used to account for charges to local governments for contract law enforcement services.

Social Welfare Fund (290.0)

This Fund is used to account for monies from State and local funding sources and to assist with the welfare program, which offers aid to disadvantaged individuals of Allegan County.

Medical Care Facility Fund (291.0)

This Fund is used to provide an accounting of all transactions relating to the operation of the County's long-term Medical Care Facility.

Child Care-Probate (292.1)

This Fund is used to account for foster child care in the County. This encompasses the Allegan County Detention Center, which is a facility that houses juveniles on a short-term basis. The primary funding, which comes from State and a County appropriation, is used to aid children who require placement outside of their home

Child Care Welfare Fund (292.2)

This Fund is used to account for revenues and expenditures generated through providing child care welfare services.

Veterans Trust Board Fund (294.0)

This Fund is used to account for monies received by the State and distributed to needy veterans. This Fund was established under Section 35.607 of the Compiled laws of 1970.

DEBT SERVICE FUND

Debt Service Fund (366.0)

This Fund is used to account for the payment of principal and interest on building Authority bonded debt.

CAPITAL PROJECTS FUND

Capital Projects Fund (466.0)

This Fund is used to account for the accumulation and disbursement of funds for the purpose of major capital projects.

ALLEGAN COUNTY

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS					
	LAND INFORMATION PARKS	SYSTEMS	FRIEND OF THE COURT	TRANSPORTATION GRANT	PUBLIC IMPROVEMENT	MIFPI COMMUNITY TEAM
<u>ASSETS</u>						
Cash and Pooled Investments	\$ -	\$ 159,747	\$ 151,177	\$ 220,291	\$ 1,884,126	\$ 10,797
Receivables:						
Accounts Receivable	265	-	-	33,213	690	-
Due From Other Funds	-	-	-	-	14,278	-
Due From Other Governmental Units	261,659	-	-	119,514	-	-
Advances to Other Funds	-	-	-	-	297,851	-
				-		
<u>TOTAL ASSETS</u>	<u>\$ 261,924</u>	<u>\$ 159,747</u>	<u>\$ 151,177</u>	<u>\$ 373,018</u>	<u>\$ 2,196,945</u>	<u>\$ 10,797</u>
<u>LIABILITIES AND FUND EQUITY</u>						
LIABILITIES						
Accounts Payable	\$ 223,144	\$ 6,299	\$ 758	\$ 46,165	\$ 348,989	\$ -
Accrued Wages	6,560	5,258	-	1,918	-	-
Due to Other Funds	-	-	-	-	12,604	-
Due to Other Governmental Units	-	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-	-
Advances From Other funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	11,833	-	-
TOTAL LIABILITIES	229,704	11,557	758	59,916	361,593	-
FUND BALANCE						
Reserved for Advances	-	-	-	-	297,851	-
Unreserved						
Designated for Parks	32,220	-	-	-	83,633	-
Designated for Sick and Vacation	-	-	-	-	-	-
Undesignated	-	148,190	150,419	313,102	1,453,868	10,797
TOTAL FUND BALANCES	32,220	148,190	150,419	313,102	1,835,352	10,797
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 261,924</u>	<u>\$ 159,747</u>	<u>\$ 151,177</u>	<u>\$ 373,018</u>	<u>\$ 2,196,945</u>	<u>\$ 10,797</u>

SPECIAL REVENUE FUNDS						
REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION	SICK & VACATION LIABILITY	DRUG LAW ENFORCEMENT	LAW ENFORCEMENT TRAINING	LAW LIBRARY	
\$ 496,360	\$ 1,897,690	\$ 1,568,242	\$ 115,192	\$ 34,518	\$ 20,604	
-	-	-	-	8,440	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 496,360	\$ 1,897,690	\$ 1,568,242	\$ 115,192	\$ 42,958	\$ 20,604	

\$ 60,643	\$ -	\$ -	\$ -	\$ 1,597	\$ 5,403	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
60,643	-	-	-	1,597	5,403	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	1,568,242	-	-	-	
435,717	1,897,690	-	115,192	41,361	15,201	
435,717	1,897,690	1,568,242	115,192	41,361	15,201	
\$ 496,360	\$ 1,897,690	\$ 1,568,242	\$ 115,192	\$ 42,958	\$ 20,604	

(Continued)

ALLEGAN COUNTY

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)**

DECEMBER 31, 2005

<u>ASSETS</u>	SPECIAL REVENUE FUNDS				
	GRANT ADMINISTRATION	TIRE PILE CLEAN UP	HOUSING ASSISTANCE	PUBLIC SAFETY GRANTS	LAW ENFORCEMENT ROAD PATROL
Cash and Pooled Investments	\$ 72,521	\$ 131	\$ 214,073	\$ -	\$ 82,412
Receivables:					
Accounts Receivable	-	-	-	-	55,218
Due From Other Funds	-	-	7,038	90,570	-
Due From Other Governmental Units	-	-	-	138,623	-
Advances to other funds	-	-	-	-	-
<u>TOTAL ASSETS</u>	\$ 72,521	\$ 131	\$ 221,111	\$ 229,193	\$ 137,630
 <u>LIABILITIES AND FUND EQUITY</u>					
LIABILITIES					
Accounts Payable	\$ -	\$ -	\$ -	\$ 34,362	\$ 344
Accrued Wages	1,593	-	-	9,883	27,174
Due to Other Funds	-	-	85,004	14,278	-
Due to Other Governmental Units	-	-	-	-	-
Advances From Other Governmental Units	-	-	-	-	-
Advances From Other funds	-	-	-	-	-
Deferred Revenue	-	-	-	90	-
TOTAL LIABILITIES	1,593	-	85,004	58,613	27,518
FUND BALANCE					
Reserved for Prepaid Expenditures	-	-	-	-	-
Unreserved					
Designated for Parks	-	-	-	-	-
Designated for Sick and Vacation	-	-	-	-	-
Undesignated	70,928	131	136,107	170,580	110,112
TOTAL FUND BALANCES	70,928	131	136,107	170,580	110,112
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 72,521	\$ 131	\$ 221,111	\$ 229,193	\$ 137,630

SPECIAL REVENUE FUNDS									
SOCIAL WELFARE	MEDICAL CARE FACILITY	CHILD CARE PROBATE	CHILD CARE WELFARE	VETERANS' TRUST BOARD	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL		
\$ 90,652	\$ 1,024,947	\$ 46,562	\$ 977	\$ 2,706	\$ 31,590	\$ 63,646	\$	8,188,961	
-	431,704	29,171	-	-	-	-	-	558,701	
-	-	-	-	-	-	-	-	111,886	
7,478	-	572,115	768	-	-	-	-	1,100,157	
-	-	-	-	-	-	-	-	297,851	
\$ 98,130	\$ 1,456,651	\$ 647,848	\$ 1,745	\$ 2,706	\$ 31,590	\$ 63,646	\$	10,257,556	

\$ -	\$ 119,175	\$ 137,505	\$ -	\$ 1,837	\$ -	\$ 13,646	\$	999,867	
-	115,805	57,931	-	-	-	-	-	226,122	
-	70,000	-	-	-	-	50,000	-	231,886	
-	-	85,941	-	-	-	-	-	85,941	
45,000	-	-	-	-	-	-	-	45,000	
-	297,851	-	-	-	-	-	-	297,851	
-	-	-	-	-	-	-	-	11,923	
45,000	602,831	281,377	-	1,837	-	63,646		1,898,590	
-	-	-	-	-	-	-	-	297,851	
-	-	-	-	-	-	-	-	115,853	
-	-	-	-	-	-	-	-	1,568,242	
53,130	853,820	366,471	1,745	869	31,590	-	-	6,377,020	
53,130	853,820	366,471	1,745	869	31,590	-	-	8,358,966	
\$ 98,130	\$ 1,456,651	\$ 647,848	\$ 1,745	\$ 2,706	\$ 31,590	\$ 63,646	\$	10,257,556	

(Concluded)

ALLEGAN COUNTY

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS					
	PARKS	LAND INFORMATION SYSTEMS	FRIEND OF THE COURT	TRANSPORTATION GRANT	PUBLIC IMPROVEMENT	MIFPI COMMUNITY TEAM
REVENUES						
Intergovernmental Revenue						
Federal	\$ -	\$ -	\$ -	\$ 141,086	\$ -	\$ -
State	420,179	-	-	400,674	-	-
Other Local Units	-	-	-	-	-	-
Charges for Services	78,617	66,197	24,295	248,025	53,645	-
Fines and Forfeits	-	-	-	-	-	-
Interest and Rents	1,545	908	4,579	3,759	69,683	-
Other Revenue	164,355	-	-	-	-	-
TOTAL REVENUES	664,696	67,105	28,874	793,544	123,328	-
EXPENDITURES						
Current						
Judicial	-	-	7,547	-	-	-
General Government	-	150,947	-	711,657	-	-
Public Safety	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-
Recreation and Cultural	1,016,954	-	-	-	-	-
Capital Outlay	-	-	-	-	1,632,697	-
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	1,016,954	150,947	7,547	711,657	1,632,697	-
REVENUES OVER (UNDER) EXPENDITURES	(352,258)	(83,842)	21,327	81,887	(1,509,369)	-
OTHER FINANCING SOURCES (USES)						
Transfers In	422,409	196,962	-	15,750	1,044,618	-
Transfers (Out)	(160,324)	-	-	-	(546,476)	-
Sale of capital assets	-	-	-	2,411	10,430	-
TOTAL OTHER FINANCING SOURCES (USES)	262,085	196,962	-	18,161	508,572	-
NET CHANGES IN FUND BALANCES	(90,173)	113,120	21,327	100,048	(1,000,797)	-
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	122,393	35,070	129,092	213,054	2,836,149	10,797
FUND BALANCES, END OF YEAR	\$ 32,220	\$ 148,190	\$ 150,419	\$ 313,102	\$ 1,835,352	\$ 10,797

SPECIAL REVENUE FUNDS

REGISTER OF DEEDS AUTOMATION	BUDGET STABILIZATION	SICK & VACATION LIABILITY	DRUG LAW ENFORCEMENT	LAW ENFORCEMENT TRAINING	LAW LIBRARY
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	14,385	-
-	-	-	-	-	-
168,215	-	-	-	-	-
-	-	-	2,907	-	6,500
14,357	-	49,913	3,950	976	190
-	-	-	-	32,034	-
182,572	-	49,913	6,857	47,395	6,690
-	-	-	-	-	-
93,901	-	-	-	-	-
-	-	-	4,829	32,559	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	41,173
-	-	-	-	-	-
-	-	-	-	-	-
93,901	-	-	4,829	32,559	41,173
88,671	-	49,913	2,028	14,836	(34,483)
-	-	-	-	-	28,700
-	-	-	(10,990)	-	-
-	-	-	-	-	-
-	-	-	(10,990)	-	28,700
88,671	-	49,913	(8,962)	14,836	(5,783)
347,046	1,897,690	1,518,329	124,154	26,525	20,984
\$ 435,717	\$ 1,897,690	\$ 1,568,242	\$ 115,192	\$ 41,361	\$ 15,201

(Continued)

ALLEGAN COUNTY

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2005

	SPECIAL REVENUE FUNDS				
	GRANT ADMINISTRATION	TIRE PILE CLEAN UP	HOUSING ASSISTANCE	PUBLIC SAFETY GRANT	LAW ENFORCEMENT ROAD PATROL
REVENUES					
Intergovernmental Revenue					
Federal	\$ -	\$ -	\$ 2,475	\$ 977,938	\$ -
State	-	1,050,000	-	26,200	-
Other Local Units	-	-	-	-	643,695
Charges for Services	-	-	148,241	-	-
Fines and Forfeits	-	-	-	-	-
Interest and Rents	1,939	-	4,400	-	958
Other Revenue	-	-	-	965	1,394
TOTAL REVENUES	1,939	1,050,000	155,116	1,005,103	646,047
EXPENDITURES					
Current					
Judicial	-	-	-	59,534	-
General Government	33,227	-	-	-	-
Public Safety	-	-	-	987,453	924,403
Health and Welfare	-	1,049,869	17,482	8,475	-
Recreation and Cultural	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
TOTAL EXPENDITURES	33,227	1,049,869	17,482	1,055,462	924,403
REVENUES OVER (UNDER) EXPENDITURES	(31,288)	131	137,634	(50,359)	(278,356)
OTHER FINANCING SOURCES (USES)					
Transfers In	38,215	-	-	280,040	376,979
Transfers (Out)	-	-	-	(97,486)	-
Sale of capital assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	38,215	-	-	182,554	376,979
NET CHANGES IN FUND BALANCES	6,927	131	137,634	132,195	98,623
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	64,001	-	(1,527)	38,385	11,489
FUND BALANCES, END OF YEAR	\$ 70,928	\$ 131	\$ 136,107	\$ 170,580	\$ 110,112

SPECIAL REVENUE FUNDS							
SOCIAL WELFARE	MEDICAL CARE FACILITY	CHILD CARE PROBATE	CHILD CARE WELFARE	VETERANS' TRUST BOARD	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,121,499
261,825	-	1,784,612	845	13,201	-	-	3,971,921
-	-	-	-	-	-	-	643,695
-	4,851,410	541,051	-	-	-	-	6,179,696
-	-	-	-	-	-	-	9,407
-	-	-	-	79	-	89,785	247,021
-	558,241	39,067	-	-	-	9,010	805,066
261,825	5,409,651	2,364,730	845	13,280	-	98,795	12,978,305
-	-	-	-	-	-	-	67,081
-	-	-	-	-	-	-	989,732
-	-	-	-	-	-	-	1,949,244
266,517	5,375,250	4,828,197	2,267	14,033	-	-	11,562,090
-	-	-	-	-	-	-	1,016,954
-	-	-	-	-	-	1,432,326	3,106,196
-	-	-	-	-	1,670,000	-	1,670,000
-	-	-	-	-	482,929	-	482,929
266,517	5,375,250	4,828,197	2,267	14,033	2,152,929	1,432,326	20,844,226
(4,692)	34,401	(2,463,467)	(1,422)	(753)	(2,152,929)	(1,333,531)	(7,865,921)
7,500	144,192	2,722,530	-	-	2,141,949	546,476	7,966,320
-	(136,758)	-	-	-	-	-	(952,034)
-	-	-	-	-	-	-	12,841
7,500	7,434	2,722,530	-	-	2,141,949	546,476	7,027,127
2,808	41,835	259,063	(1,422)	(753)	(10,980)	(787,055)	(838,794)
50,322	811,985	107,408	3,167	1,622	42,570	787,055	9,197,760
\$ 53,130	\$ 853,820	\$ 366,471	\$ 1,745	\$ 869	\$ 31,590	\$ -	8,358,966

(Concluded)

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PARKS SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	-	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	500,000	590,000	420,179	(169,821)
Other Local Units	-	-	-	-
Charges for Services	67,700	67,700	78,617	10,917
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	1,545	1,545
Other Revenue	35,000	144,000	164,355	20,355
TOTAL REVENUES	602,700	801,700	664,696	(137,004)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	383,624	492,624	1,016,954	524,330
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	383,624	492,624	1,016,954	524,330
REVENUES OVER (UNDER) EXPENDITURES	219,076	309,076	(352,258)	387,326
OTHER FINANCING SOURCES (USES)				
Transfers In	280,924	280,924	422,409	141,485
Transfers (Out)	(500,000)	(590,000)	(160,324)	429,676
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(219,076)	(309,076)	262,085	571,161
NET CHANGES IN FUND BALANCES	-	-	(90,173)	958,487
FUND BALANCES, BEGINNING OF YEAR	122,393	122,393	122,393	-
FUND BALANCES, END OF YEAR	\$ 122,393	\$ 122,393	\$ 32,220	\$ 958,487

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAND INFORMATION SYSTEMS SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	27,250	27,250	66,197	38,947
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	908	908
Other Revenue	-	-	-	-
TOTAL REVENUES	27,250	27,250	67,105	39,855
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	224,212	224,212	150,947	(73,265)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	224,212	224,212	150,947	(73,265)
REVENUES OVER (UNDER) EXPENDITURES	(196,962)	(196,962)	(83,842)	(33,410)
OTHER FINANCING SOURCES (USES)				
Transfers In	196,962	196,962	196,962	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	196,962	196,962	196,962	-
NET CHANGES IN FUND BALANCES	-	-	113,120	(33,410)
FUND BALANCES, BEGINNING OF YEAR	35,070	35,070	35,070	-
FUND BALANCES, END OF YEAR	\$ 35,070	\$ 35,070	\$ 148,190	\$ (33,410)

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FRIEND OF THE COURT SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	10,000	10,000	24,295	14,295
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	4,579	4,579
Other Revenue	-	-	-	-
TOTAL REVENUES	10,000	10,000	28,874	18,874
EXPENDITURES				
Current				
Judicial	9,500	9,500	7,547	(1,953)
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	10,000	10,000	-	(10,000)
TOTAL EXPENDITURES	19,500	19,500	7,547	(11,953)
REVENUES OVER (UNDER) EXPENDITURES	(9,500)	(9,500)	21,327	6,921
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	(20,368)	(20,368)	-	20,368
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(20,368)	(20,368)	-	20,368
NET CHANGES IN FUND BALANCES	(29,868)	(29,868)	21,327	27,289
FUND BALANCES, BEGINNING OF YEAR	129,092	129,092	129,092	-
FUND BALANCES, END OF YEAR	\$ 99,224	\$ 99,224	\$ 150,419	\$ 51,195

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TRANSPORTATION GRANT SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	51,781	133,472	141,086	7,614
State	340,809	407,870	400,674	(7,196)
Other Local Units	-	-	-	-
Charges for Services	226,410	241,245	248,025	6,780
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	3,759	3,759
Other Revenue	-	-	-	-
TOTAL REVENUES	619,000	782,587	793,544	10,957
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	610,543	712,998	711,657	(1,341)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	610,543	712,998	711,657	(1,341)
REVENUES OVER (UNDER) EXPENDITURES	8,457	69,589	81,887	9,616
OTHER FINANCING SOURCES (USES)				
Transfers In	15,750	15,750	15,750	-
Transfers (Out)	-	(84,748)	-	84,748
Sale of Capital Asset	2,000	2,411	2,411	-
TOTAL OTHER FINANCING SOURCES (USES)	17,750	(66,587)	18,161	84,748
NET CHANGES IN FUND BALANCES	26,207	3,002	100,048	94,364
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	213,054	213,054	213,054	-
FUND BALANCES, END OF YEAR	\$ 239,261	\$ 216,056	\$ 313,102	\$ 97,046

ALLEGAN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PUBLIC IMPROVEMENT SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	53,645	53,645
Fines and Forfeits	-	-	-	-
Interest and Rents	35,000	35,000	69,683	34,683
Other Revenue	-	-	-	-
TOTAL REVENUES	35,000	35,000	123,328	88,328
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	1,847,127	1,847,127	1,632,697	(214,430)
TOTAL EXPENDITURES	1,847,127	1,847,127	1,632,697	(214,430)
REVENUES OVER (UNDER) EXPENDITURES	(1,812,127)	(1,812,127)	(1,509,369)	(126,102)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,250,000	1,250,000	1,044,618	(205,382)
Transfers (Out)	-	-	(546,476)	(546,476)
Sale of Capital Asset	-	-	10,430	10,430
TOTAL OTHER FINANCING SOURCES (USES)	1,250,000	1,250,000	508,572	(741,428)
NET CHANGES IN FUND BALANCES	(562,127)	(562,127)	(1,000,797)	(867,530)
FUND BALANCES, BEGINNING OF YEAR	2,836,149	2,836,149	2,836,149	-
FUND BALANCES, END OF YEAR	\$ 2,274,022	\$ 2,274,022	\$ 1,835,352	\$ (438,670)

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MIFPI COMMUNITY TEAM SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	10,797	10,797	10,797	-
FUND BALANCES, END OF YEAR	\$ 10,797	\$ 10,797	\$ 10,797	\$ -

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REGISTER OF DEEDS AUTOMATION SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	160,000	160,000	168,215	8,215
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	14,357	14,357
Other Revenue	-	-	-	-
TOTAL REVENUES	160,000	160,000	182,572	22,572
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	303,500	93,901	(209,599)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	303,500	93,901	(209,599)
REVENUES OVER (UNDER) EXPENDITURES	160,000	(143,500)	88,671	(187,027)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	160,000	(143,500)	88,671	(187,027)
FUND BALANCES, BEGINNING OF YEAR	347,046	347,046	347,046	-
FUND BALANCES, END OF YEAR	\$ 507,046	\$ 203,546	\$ 435,717	\$ 232,171

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
BUDGET STABILIZATION SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	1,897,690	1,897,690	1,897,690	-
FUND BALANCES, END OF YEAR	\$ 1,897,690	\$ 1,897,690	\$ 1,897,690	\$ -

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SICK & VACATION LIABILITY SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	35,000	35,000	49,913	14,913
Other Revenue	-	-	-	-
TOTAL REVENUES	35,000	35,000	49,913	14,913
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	35,000	35,000	49,913	14,913
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	35,000	35,000	49,913	14,913
FUND BALANCES, BEGINNING OF YEAR	1,518,329	1,518,329	1,518,329	-
FUND BALANCES, END OF YEAR	\$ 1,553,329	\$ 1,553,329	\$ 1,568,242	\$ 14,913

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DRUG LAW ENFORCEMENT SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	1,000	1,000	2,907	1,907
Interest and Rents	-	-	3,950	3,950
Other Revenue	-	-	-	-
TOTAL REVENUES	1,000	1,000	6,857	5,857
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	3,000	7,830	4,829	(3,001)
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	3,000	7,830	4,829	(3,001)
REVENUES OVER (UNDER) EXPENDITURES	(2,000)	(6,830)	2,028	2,856
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	(10,990)	(10,990)
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(10,990)	(10,990)
NET CHANGES IN FUND BALANCES	(2,000)	(6,830)	(8,962)	(8,134)
FUND BALANCES, BEGINNING OF YEAR	124,154	124,154	124,154	-
FUND BALANCES, END OF YEAR	\$ 122,154	\$ 117,324	\$ 115,192	\$ (2,132)

ALLEGAN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LAW ENFORCEMENT TRAINING SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	12,500	12,500	14,385	1,885
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	976	976
Other Revenue	36,500	36,500	32,034	(4,466)
TOTAL REVENUES	49,000	49,000	47,395	(1,605)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	49,000	49,000	32,559	(16,441)
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	49,000	49,000	32,559	(16,441)
REVENUES OVER (UNDER) EXPENDITURES	-	-	14,836	(18,046)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	14,836	(18,046)
FUND BALANCES, BEGINNING OF YEAR	26,525	26,525	26,525	-
FUND BALANCES, END OF YEAR	\$ 26,525	\$ 26,525	\$ 41,361	\$ 14,836

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
LAW LIBRARY SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	6,500	6,500	6,500	-
Interest and Rents	-	-	190	190
Other Revenue	-	-	-	-
TOTAL REVENUES	6,500	6,500	6,690	190
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	36,200	39,200	41,173	1,973
TOTAL EXPENDITURES	36,200	39,200	41,173	1,973
REVENUES OVER (UNDER) EXPENDITURES	(29,700)	(32,700)	(34,483)	2,163
OTHER FINANCING SOURCES (USES)				
Transfers In	28,700	28,700	28,700	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	28,700	28,700	28,700	-
NET CHANGES IN FUND BALANCES	(1,000)	(4,000)	(5,783)	2,163
FUND BALANCES, BEGINNING OF YEAR	20,984	20,984	20,984	-
FUND BALANCES, END OF YEAR	\$ 19,984	\$ 16,984	\$ 15,201	\$ (1,783)

ALLEGAN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GRANT ADMINISTRATION SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	1,939	1,939
Other Revenue	-	-	-	-
TOTAL REVENUES	-	-	1,939	1,939
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	34,087	34,087	33,227	(860)
Public Safety	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	34,087	34,087	33,227	(860)
REVENUES OVER (UNDER) EXPENDITURES	(34,087)	(34,087)	(31,288)	1,079
OTHER FINANCING SOURCES (USES)				
Transfers In	31,587	31,587	38,215	6,628
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	31,587	31,587	38,215	6,628
NET CHANGES IN FUND BALANCES	(2,500)	(2,500)	6,927	7,707
FUND BALANCES, BEGINNING OF YEAR	64,001	64,001	64,001	-
FUND BALANCES, END OF YEAR	\$ 61,501	\$ 61,501	\$ 70,928	\$ 9,427

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TIRE PILE CLEAN UP SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	1,050,000	1,050,000	-
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	-	-
TOTAL REVENUES	-	1,050,000	1,050,000	-
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	1,050,000	1,049,869	(131)
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	1,050,000	1,049,869	(131)
REVENUES OVER (UNDER) EXPENDITURES	-	-	131	(131)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	131	(131)
FUND BALANCES, BEGINNING OF YEAR	-	-	-	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 131	\$ 131

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOUSING ASSISTANCE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	150,000	150,000	2,475	(147,525)
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	30,000	30,000	148,241	118,241
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	4,400	4,400
Other Revenue	-	-	-	-
TOTAL REVENUES	180,000	180,000	155,116	(24,884)
EXPENDITURES				
Capital				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	180,000	180,000	17,482	(162,518)
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	180,000	180,000	17,482	(162,518)
REVENUES OVER (UNDER) EXPENDITURES	-	-	137,634	(187,402)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	137,634	(187,402)
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(1,527)	(1,527)	(1,527)	-
FUND BALANCES (DEFICIT), END OF YEAR	\$ (1,527)	\$ (1,527)	\$ 136,107	\$ 137,634

ALLEGAN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL PUBLIC SAFETY GRANT SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	404,173	523,613	977,938	454,325
State	152,483	152,483	26,200	(126,283)
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	965	965
TOTAL REVENUES	556,656	676,096	1,005,103	329,007
EXPENDITURES				
Current				
Judicial	58,200	58,200	59,534	1,334
General Government	-	-	-	-
Public Safety	441,800	561,240	987,453	426,213
Health and Welfare	150,000	150,000	8,475	(141,525)
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	650,000	769,440	1,055,462	286,022
REVENUES OVER (UNDER) EXPENDITURES	(93,344)	(93,344)	(50,359)	615,029
OTHER FINANCING SOURCES (USES)				
Transfers In	93,344	93,344	280,040	186,696
Transfers (Out)	-	-	(97,486)	(97,486)
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	93,344	93,344	182,554	89,210
NET CHANGES IN FUND BALANCES	-	-	132,195	704,239
FUND BALANCES, BEGINNING OF YEAR	38,385	38,385	38,385	-
FUND BALANCES, END OF YEAR	\$ 38,385	\$ 38,385	\$ 170,580	\$ 704,239

ALLEGAN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL LAW ENFORCEMENT ROAD PATROL SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	788,952	795,798	643,695	(152,103)
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	958	958
Other Revenue	-	-	1,394	1,394
TOTAL REVENUES	788,952	795,798	646,047	(149,751)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	964,815	987,230	924,403	(62,827)
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	964,815	987,230	924,403	(62,827)
REVENUES OVER (UNDER) EXPENDITURES	(175,863)	(191,432)	(278,356)	(212,578)
OTHER FINANCING SOURCES (USES)				
Transfers In	202,686	218,255	376,979	158,724
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	202,686	218,255	376,979	158,724
NET CHANGES IN FUND BALANCES	26,823	26,823	98,623	(53,854)
FUND BALANCES, BEGINNING OF YEAR	11,489	11,489	11,489	-
FUND BALANCES, END OF YEAR	\$ 38,312	\$ 38,312	\$ 110,112	\$ 71,800

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SOCIAL WELFARE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	300,000	261,825	(38,175)
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	-	-
TOTAL REVENUES	-	300,000	261,825	(38,175)
EXPENDITURES				
Capital				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	307,500	266,517	40,983
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	307,500	266,517	40,983
REVENUES OVER (UNDER) EXPENDITURES	-	(7,500)	(4,692)	2,808
OTHER FINANCING SOURCES (USES)				
Transfers In	7,500	7,500	7,500	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	7,500	7,500	7,500	-
NET CHANGES IN FUND BALANCES	7,500	-	2,808	2,808
FUND BALANCES, BEGINNING OF YEAR	50,322	50,322	50,322	-
FUND BALANCES, END OF YEAR	\$ 57,822	\$ 50,322	\$ 53,130	\$ 2,808

ALLEGAN COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL MEDICAL CARE FACILITY SPECIAL REVENUE FUND

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	-	-
Other Local Units	-	-	-	-
Charges for Services	5,093,743	5,093,743	4,851,410	(242,333)
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	558,241	558,241
TOTAL REVENUES	5,093,743	5,093,743	5,409,651	315,908
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	4,760,311	4,760,311	5,375,250	614,939
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	4,760,311	4,760,311	5,375,250	614,939
REVENUES OVER (UNDER) EXPENDITURES	333,432	333,432	34,401	930,847
OTHER FINANCING SOURCES (USES)				
Transfers In	144,192	144,192	144,192	-
Transfers (Out)	(147,810)	(147,810)	(136,758)	(11,052)
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,618)	(3,618)	7,434	(11,052)
NET CHANGES IN FUND BALANCES	329,814	329,814	41,835	919,795
FUND BALANCES, BEGINNING OF YEAR, AS RESTATED	811,985	811,985	811,985	-
FUND BALANCES, END OF YEAR	\$ 1,141,799	\$ 1,141,799	\$ 853,820	\$ (287,979)

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILD CARE PROBATE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	1,825,006	1,825,006	1,784,612	(40,394)
Other Local Units	-	-	-	-
Charges for Services	590,500	590,500	541,051	(49,449)
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	457,772	457,772	39,067	(418,705)
TOTAL REVENUES	2,873,278	2,873,278	2,364,730	(508,548)
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	5,595,808	5,595,808	4,828,197	(767,611)
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	5,595,808	5,595,808	4,828,197	(767,611)
REVENUES OVER (UNDER) EXPENDITURES	(2,722,530)	(2,722,530)	(2,463,467)	(1,276,159)
OTHER FINANCING SOURCES (USES)				
Transfers In	2,722,530	2,722,530	2,722,530	-
Transfers (Out)	-	-	-	-
Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,722,530	2,722,530	2,722,530	-
NET CHANGES IN FUND BALANCES	-	-	259,063	(1,276,159)
FUND BALANCES, BEGINNING OF YEAR	107,408	107,408	107,408	-
FUND BALANCES, END OF YEAR	\$ 107,408	\$ 107,408	\$ 366,471	\$ (1,276,159)

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
CHILD CARE WELFARE SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	-	-	845	845
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	-	-
Other Revenue	-	-	-	-
TOTAL REVENUES	-	-	845	845
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	-	-	2,267	2,267
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	-	-	2,267	2,267
REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,422)	3,112
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	(1,422)	3,112
FUND BALANCES, BEGINNING OF YEAR	3,167	3,167	3,167	-
FUND BALANCES, END OF YEAR	\$ 3,167	\$ 3,167	\$ 1,745	\$ (1,422)

ALLEGAN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VETERANS' TRUST BOARD SPECIAL REVENUE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue				
Federal	-	-	-	-
State	13,176	13,176	13,201	25
Other Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rents	-	-	79	79
Other Revenue	-	-	-	-
TOTAL REVENUES	13,176	13,176	13,280	104
EXPENDITURES				
Current				
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Health and Welfare	13,176	13,176	14,033	857
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	13,176	13,176	14,033	857
REVENUES OVER (UNDER) EXPENDITURES	-	-	(753)	961
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers (Out)	-	-	-	-
Sale of Capital Asset	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGES IN FUND BALANCES	-	-	(753)	961
FUND BALANCES, BEGINNING OF YEAR	1,622	1,622	1,622	-
FUND BALANCES, END OF YEAR	\$ 1,622	\$ 1,622	\$ 869	\$ (753)

ALLEGAN COUNTY

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
Taxes and Penalties	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-
Intergovernmental Revenue:				
Federal	-	-	-	-
State	-	-	-	-
Contributions From Local Units	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeits	-	-	-	-
Interest and Rentals	-	-	-	-
Other Revenues	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Current				
Legislative	-	-	-	-
Judicial	-	-	-	-
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Recreation and Cultural	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	1,620,000	1,620,000	1,670,000	50,000
Interest/Fiscal Changes	425,074	425,074	482,929	57,855
TOTAL EXPENDITURES	2,045,074	2,045,074	2,152,929	107,855
REVENUES OVER (UNDER) EXPENDITURES	(2,045,074)	(2,045,074)	(2,152,929)	107,855
OTHER FINANCING SOURCES (USES)				
Transfers In	2,045,074	2,045,074	2,141,949	96,875
Transfers (Out)	-	-	-	-
Sale of Capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,045,074	2,045,074	2,141,949	96,875
NET CHANGES IN FUND BALANCES	-	-	(10,980)	204,730
FUND BALANCES, BEGINNING OF YEAR	42,570	42,570	42,570	-
FUND BALANCES, END OF YEAR	\$ 42,570	\$ 42,570	\$ 31,590	\$ 204,730

COUNTY OF ALLEGAN

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDING DECEMBER 31, 2005

Self-Insurance Fund (677.0)

This Fund is used to account for revenues collected from user departments for the payment of costs incurred to administer the self-funded insurance programs, third party administrative expenses, and actual claims paid.

Mental Heath Self-Insurance Fund

This fund is used to account for revenues collected from the Mental Health fund for risk retention related to the employee health and Medicaid capitation program.

Equipment Pool Fund (661.0)

This Fund is used to account for revenues collected from user departments for the equipment rental charges to cover the costs incurred to administer the equipment pool fund.

ALLEGAN COUNTY

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET ASSETS

DECEMBER 31, 2005

<u>ASSETS</u>	MENTAL HEALTH			<u>TOTAL</u>
	SELF- INSURANCE	SELF- INSURANCE	EQUIPMENT POOL	
CURRENT ASSETS				
Cash and Pooled Investments	\$ 1,613,344	\$ 178,101	\$ -	\$ 1,791,445
Accounts Receivable	220,953	-	-	220,953
Prepaid Expenses	730,436	21,502	-	751,938
<u>TOTAL CURRENT ASSETS</u>	2,564,733	199,603	-	2,764,336
Capital Assets - Net	-	-	8,064	8,064
<u>TOTAL ASSETS</u>	2,564,733	199,603	8,064	2,772,400
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts Payable	752,800	116,765	-	869,565
<u>NET ASSETS</u>				
Invested in Capital Assets	-	-	8,064	8,064
Unrestricted net assets	1,811,933	82,838	-	1,894,771
<u>TOTAL NET ASSETS</u>	\$ 1,811,933	\$ 82,838	\$ 8,064	\$ 1,902,835

ALLEGAN COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	MENTAL HEALTH			
	SELF- INSURANCE	SELF- INSURANCE	EQUIPMENT POOL	TOTAL
OPERATING REVENUES				
Charges for services	\$ 6,735,440	\$ 1,219,137	\$ -	\$ 7,954,577
OPERATING EXPENSES				
Insurance expense	6,119,653	1,168,540	-	7,288,193
OPERATING INCOME (LOSS)	615,787	50,597	-	666,384
NONOPERATING REVENUES				
Interest earned on Investments	66,350	2,665	-	69,015
CHANGES IN NET ASSETS	682,137	53,262	-	735,399
NET ASSETS, BEGINNING OF YEAR	1,129,796	29,576	8,064	1,167,436
NET ASSETS, END OF YEAR	\$ 1,811,933	\$ 82,838	\$ 8,064	\$ 1,902,835

ALLEGAN COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	MENTAL HEALTH			
	SELF- INSURANCE	SELF- INSURANCE	EQUIPMENT POOL	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services provided	\$ 6,626,086	\$ 1,219,137	\$ -	\$ 7,845,223
Cash payments for insurance claims	(6,860,266)	(1,132,795)	-	(7,993,061)
Net cash provided by (used in) operating activities	(234,180)	86,342	-	(147,838)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	66,350	2,665	-	69,015
NET INCREASE (DECREASE) IN CASH AND POOLED INVESTMENTS	(167,830)	89,007	-	(78,823)
CASH AND POOLED INVESTMENTS, BEGINNING OF YEAR	1,781,174	89,094	-	1,870,268
CASH AND POOLED INVESTMENTS, END OF YEAR	\$ 1,613,344	\$ 178,101	\$ -	\$ 1,791,445
OPERATING INCOME	\$ 615,787	\$ 50,597	\$ -	\$ 666,384
Adjustments to Reconcile Operating Income to net cash provided by (used in) Operating Activities:				
Changes in Operating Assets and Liabilities which provided (used) cash:				
Accounts receivable	(220,953)	-	-	(220,953)
Due from other funds	111,599	-	-	111,599
Prepaid expenses	(590,454)	(1,061)	-	(591,515)
Accounts payable	(150,159)	36,806	-	(113,353)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ (234,180)	\$ 86,342	\$ -	\$ (147,838)

ALLEGAN COUNTY

**AGENCY FUNDS
COMBINING BALANCE SHEET**

DECEMBER 31, 2005

	AGENCY FUNDS		
	TRUST AND	LIBRARY PENAL	
<u>ASSETS</u>	AGENCY	FINES	TOTAL
Cash and Pooled Investments	\$ 2,286,875	\$ 1,104	\$ 2,287,979
<u>LIABILITIES</u>			
Assets held on behalf of others	\$ 2,286,875	\$ -	\$ 2,286,875
Undistributed penal fines	-	1,104	1,104
<u>TOTAL LIABILITIES</u>	<u>\$ 2,286,875</u>	<u>\$ 1,104</u>	<u>\$ 2,287,979</u>

ALLEGAN COUNTY

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	BALANCE		BALANCE	
	JANUARY 1, 2005	ADDITIONS	DEDUCTIONS	DECEMBER 31, 2005
<u>TRUST AND AGENCY FUND</u>				
ASSETS				
Cash and pooled investments	\$ 3,148,925	\$ 69,083,340	\$ 69,945,390	\$ 2,286,875
LIABILITIES				
Assets held on behalf of others	\$ 3,148,925	\$ 119,349,548	\$ 120,211,598	\$ 2,286,875
<u>TOTAL LIABILITIES</u>	\$ 3,148,925	\$ 119,349,548	\$ 120,211,598	\$ 2,286,875
<u>LIBRARY PENAL FINES FUND</u>				
ASSETS				
Cash and pooled investments	\$ 6,381	\$ 701,653	\$ 706,930	\$ 1,104
LIABILITIES				
Undistributed penal fines	\$ 6,381	\$ 725,811	\$ 731,088	\$ 1,104
<u>TOTAL LIABILITIES</u>	\$ 6,381	\$ 725,811	\$ 731,088	\$ 1,104
<u>TOTAL ALL AGENCY FUNDS</u>				
ASSETS				
Cash and pooled investments	\$ 3,155,306	\$ 69,784,993	\$ 70,652,320	\$ 2,287,979
LIABILITIES				
Assets held on behalf of others	\$ 3,148,925	\$ 119,349,548	\$ 120,211,598	\$ 2,286,875
Undistributed penal fines	6,381	725,811	731,088	1,104
<u>TOTAL LIABILITIES</u>	\$ 3,155,306	\$ 120,075,359	\$ 120,942,686	\$ 2,287,979

Schedule 1

ALLEGAN COUNTY TRANSPORTATION
OPERATING REVENUES
Year Ended December 31, 2005

	1/1/2005 to 9/30/2005	10/1/2005 to 12/31/2005	Total
Operating Revenues			
Farebox Revenues	\$ 26,230	\$ 5,781	\$ 32,011
Contract CMH	45,653	12,242	57,895
Contract ISD	85,941	24,950	110,891
Contract Other Agencies	22,044	13,539	35,583
County General Fund	1,500	1,500	3,000
Operating Revenues - Regular Service	181,368	58,012	239,380
Farebox Revenues	2,645	-	2,645
Operating Revenues - Project Zero	2,645	-	2,645
Farebox Revenues	6,743	2,257	9,000
County General Fund	10,313	2,437	12,750
Operating Revenues - Specialized Services	17,056	4,694	21,750
Operating Revenues Total	<u>\$ 201,069</u>	<u>\$ 62,706</u>	<u>\$ 263,775</u>

Schedule 2

ALLEGAN COUNTY TRANSPORTATION
OPERATING EXPENSES - REGULAR SERVICE
Year Ended December 31, 2005

		1/05 - 9/05			10/05 - 12/05			Total System
		Operations	Maint.	General Admin.	Operations	Maint.	General Admin.	
Labor								
501.01	Operator's salaries and wages	\$ 123,544	\$ -	\$ -	\$ 50,930	\$ -	\$ -	\$ 174,474
501.02	Other salaries and wages	3,500	20,180	41,468	1,449	8,316	21,156	96,069
501.03	Dispatchers salaries and wages	20,356			8,398			28,754
502.00	Fringe benefits	39,063	5,442	15,231	11,366	1,554	6,773	79,429
Services								
503.02	Advertising fees			1,234			293	1,527
503.05	Audit Cost			1,128		777	1,732	3,637
503.99	Other services		1,117	2,441				3,558
Materials and Supplies Consumed								
504.01	Fuel and lubricants	26,387			16,561		3,045	45,993
504.02	Tires and tubes	2,706			318			3,024
504.99	Other materials and supplies		14,413	4,340	2,638	966	1,916	24,273
505.00	Utilities			10,647			3,593	14,240
Casualty and Liability Costs								
506.03	Premiums for public liability and property damage insurance	6,021		-	2,434			8,455
506.99	Other casualty and liability costs	-		559			141	700
508.00	Purchased Transportation	6,509						6,509
Miscellaneous Expenses								
509.02	Travel, Meetings, & Training			4,999			244	5,243
509.03	Associations Dues & Subscriptions			187			641	828
509.99	Other miscellaneous expenses			30			-	30
512.00	Operating Leases and Rentals	7,588		8,240	2,969		3,531	22,328
574.02	Ineligible RTAP			(3,156)				(3,156)
	Association Due			(51)				(51)
576.03	Ineligible Capital Admin Fees			(1,135)				(1,135)
TOTAL EXPENSES		<u>\$ 235,674</u>	<u>\$ 41,152</u>	<u>\$ 86,162</u>	<u>\$ 97,063</u>	<u>\$ 11,613</u>	<u>\$ 43,065</u>	<u>\$ 514,729</u>
TOTAL EXPENSES			<u>\$ 362,988</u>	-102-		<u>\$ 151,741</u>		<u>\$ 514,729</u>

Schedule 3

ALLEGAN COUNTY TRANSPORTATION
NONOPERATING REVENUES
Year Ended December 31, 2005

	1/1/2005 to 9/30/2005	10/1/2005 to 12/31/2005	Total
Local Operating Grants			
Sale of capital Assets	\$ 2,411	\$ -	\$ 2,411
Interest income	-	3,759	3,759
Subtotal Local Operating Grants	2,411	3,759	6,170
Total Nonoperating Revenues - Local	2,411	3,759	6,170
State of Michigan Operating Grants			
Formula Operating Assistance (Act 51)	142,512	67,257	209,769
FY2004 Audit/ Reconciliation	-	11,193	11,193
Funds received, carried over to County FY2006	-	(11,833)	(11,833)
	142,512	66,617	209,129
Project Zero - Trans to Work Z12	104,887	-	104,887
Specialized Services Z13 & Z18	46,850	22,631	69,481
Subtotal State of Michigan Operating Grants	294,249	89,248	383,497
Federal Operating Grants			
U.S. DOT Operating Grant - Section 5311	46,743	22,481	69,224
Contract 2002-0003/Z14 & Z19	-	-	-
Subtotal Federal Operating Grants	46,743	22,481	69,224
Total Nonoperating Revenues - State and Federal	\$ 340,992	\$ 111,729	\$ 452,721

Schedule 4

ALLEGAN COUNTY TRANSPORTATION
SCHEDULE OF EXPENSES BY CONTRACT AND GENERAL OPERATIONS
Year Ended December 31, 2005

	1/05 - 9/05			10/05 - 12/05			Total
	Reg Serv	PZ	Spec Serv	Reg Serv	PZ	Spec Serv	
Labor	\$ 209,048	\$ 61,109	\$ 37,002	\$ 90,249	\$ -	\$ 13,091	\$ 410,499
Fringe benefits	59,736	17,443	10,559	19,693	-	2,857	110,288
Services	5,920	1,745	1,056	2,802	-	408	11,931
Materials and supplies	47,846	13,978	8,458	25,444	-	3,691	99,417
Utilities	10,647	3,111	1,880	3,593	-	521	19,752
Casualty and liability costs	6,580	1,927	1,166	2,575	-	374	12,622
Purchased Transportation	6,509	1,750	991	-	-	-	9,250
Miscellaneous	5,216	603	363	885	-	128	7,195
Leases and rentals	15,828	4,630	2,802	6,500	-	943	30,703
TOTAL - MDOT	367,330	106,296	64,277	151,741	-	22,013	711,657
Less:							
Ineligible expenses	(4,342)	-	-	-	-	-	(4,342)
Total Eligible Expenses	<u>\$ 362,988</u>	<u>\$ 106,296</u>	<u>\$ 64,277</u>	<u>\$ 151,741</u>	<u>\$ -</u>	<u>\$ 22,013</u>	<u>\$ 707,315</u>

Schedule 5

ALLEGAN COUNTY TRANSPORTATION
NET ELIGIBLE COST COMPUTATIONS OF GENERAL OPERATIONS
Year Ended December 31, 2005

	1/05 - 9/05		10/05 - 12/05	
	Federal Section 5311 Operations	State Operating Assistance Total	Federal Section 5311 Operations	State Operating Assistance Total
EXPENSES				
Labor	\$ 209,048	\$ 209,048	\$ 90,249	\$ 90,249
Fringe benefits	59,736	59,736	19,693	19,693
Services	5,920	5,920	2,802	2,802
Materials and supplies	47,846	47,846	25,444	25,444
Utilities	10,647	10,647	3,593	3,593
Casualty and liability costs *see below	6,580	6,580	2,575	2,575
Purchased Transportation	6,509	6,509	-	-
Miscellaneous	5,216	5,216	885	885
Leases and rentals	15,828	15,828	6,500	6,500
TOTAL EXPENSES	367,330	367,330	151,741	151,741
LESS INELIGIBLE EXPENSE				
Depreciation	-	-	-	-
Miscellaneous	(3,156)	(3,156)	-	-
Association dues	(51)	(51)	-	-
Services	(1,135)	(1,135)	-	-
TOTAL INELIGIBLE EXPENSES	(4,342)	(4,342)	-	-
NET ELIGIBLE EXPENSES	<u>\$ 362,988</u>	<u>\$ 362,988</u>	<u>\$ 151,741</u>	<u>\$ 151,741</u>
MAXIMUM SECTION 5311 REIMBURSEMENT (12.4%)	<u>\$ 45,011</u>			
MAXIMUM SECTION 5311 REIMBURSEMENT (15.0%)			<u>\$ 22,761</u>	
2005 STATE OPERATING ASSISTANCE (38.43%)		<u>\$ 139,496</u>		
2006 STATE OPERATING ASSISTANCE (39.25%)				<u>\$ 59,558</u>

SCHEDULE 6

ALLEGAN COUNTY TRANSPORTATION
COUNTY OF ALLEGAN, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS/INELIGIBLE EXPENSES
Year Ending December 31, 2005

<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Ineligible/Questioned Costs</u>	
		Federal Section 5311 per OMB Circular A-87	State Operating Assistance per Revenue and Expense Manual
A. Operating Grants			
	1. Depreciation:	\$ -	\$ -
	2. Miscellaneous: RTAP Training Dollars	(3,156)	(3,156)
	3. Ineligible Assoc Dues	(51)	(51)
	4. Services: Capital Admin Fees	(1,135)	(1,135)
		<u>\$ (4,342)</u>	<u>\$ (4,342)</u>

Schedule 7

ALLEGAN COUNTY TRANSPORTATION
COUNTY OF ALLEGAN, MICHIGAN
SCHEDULE OF FINANCIAL ASSISTANCE FEDERAL AND STATE
Year Ending December 31, 2005

<u>FEDERAL GRANTOR/PASS THRU GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>STATE GRANTOR NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>FUNDS RECEIVED</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
State; & federal operating assistance Computations based on operating expenses Passed through MDOT				
2005 Operating assistance - Section 5311	20.509	2002-003/Z14	\$ 53,353	\$ 46,743
2006 Operating assistance - Section 5311	20.509	2002-003/Z19	102,800	22,481
			<u>156,153</u>	<u>69,224</u>
<u>MICHIGAN DEPARTMENT OF TRANSPORTATION</u>				
Operating assistance - Act 51 (2005)	N/A	9/30/2005	215,268	142,512
Operating assistance - Act 51 (2006)	N/A	9/30/2006	263,373	55,424
2004 Audit Reconciliation	N/A	FY2004		11,193
			<u>478,641</u>	<u>209,129</u>
Project Zero - Trans to Work Z12	N/A		139,850	104,887
Specialized Services Z13 & Z18	N/A		90,266	69,481
			<u>230,116</u>	<u>174,368</u>
TOTAL OPERATING ASSISTANCE			<u>\$ 634,794</u>	<u>\$ 452,721</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Passed through MDOT				
Capital assistance - Section 5310	20.513	2004-0440	\$ 51,480	\$ 47,151
Capital assistance - Section 5311	20.509	2002-0003/Z11	21,840	21,555
			<u>73,320</u>	<u>68,706</u>
<u>MICHIGAN DEPARTMENT OF TRANSPORTATION</u>				
Capital assistance	N/A	2004-0440	12,870	11,788
Capital assistance	N/A	2002-0003/Z11	5,460	5,389
			<u>18,330</u>	<u>17,177</u>
TOTAL CAPITAL ASSISTANCE			<u>\$ 91,650</u>	<u>\$ 85,883</u>

Schedule 8

ALLEGAN COUNTY TRANSPORTATION
MILEAGE DATA (UNAUDITED)
Year Ended December 31, 2005

		Regular Service Transportation Mileage	Project Zero Transportation Mileage	Specialized Services Transportation Mileage	Total Transportation Mileage
<u>County</u>					
First Quarter	1/05 - 3/05	\$ 66,415	\$ 17,857	\$ 10,108	\$ 94,380
Second Quarter	4/05 - 6/05	53,898	20,322	14,137	88,357
Third Quarter	7/05 - 9/05	50,311	19,448	14,797	84,556
Fourth Quarter	10/05 - 12/05	<u>71,958</u>	<u>-</u>	<u>13,688</u>	<u>85,646</u>
Total Operation		<u>\$ 242,582</u>	<u>\$ 57,627</u>	<u>\$ 52,730</u>	<u>\$ 352,939</u>

The methodology used for compiling mileage has been reviewed and found to be an adequate and reliable method for recording vehicle mileage.

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
STATEMENT OF NET ASSETS**

DECEMBER 31, 2005

	Component Unit Governmental Activities
Assets	
Cash and pooled investments	\$ 3,686,069
Investments	725,588
Receivable	
Accounts	43,125
Assessments	1,519,739
Other governments	12,608,695
Land	325,000
Capital assets, net	3,458,680
Total assets	22,366,896
Liabilities	
Accounts payable	204,970
Accrued wages	1,563
Accrued interest payable	186,985
Advance from primary government	180,000
Unearned revenue	34,817
Noncurrent liabilities:	
Due within one year	2,684,780
Due in more than one year	14,972,554
Total liabilities	18,265,669
Net Assets	
Invested in capital assets, net of related debt	2,943,680
Restricted for:	
Debt service	568,297
Capital projects	154,801
Unrestricted	434,449
Total net assets	\$ 4,101,227

ALLEGAN COUNTY

DRAIN/DPW COMPONENT UNIT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2005

<u>Functions / Programs</u>	<u>Program Revenues</u>				<u>Net (Expense) Revenue</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Component Unit					
Governmental activities:					
Drain maintenance	\$ 2,011,933	\$ -	\$ -	\$ 2,832,406	\$ 820,473
Interest on debt	670,849	-	-	-	(670,849)
Total governmental activities	<u>\$ 2,682,782</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,832,406</u>	<u>149,624</u>
General revenues:					
Unrestricted investment earnings					<u>21,543</u>
Change in net assets					171,167
Net assets, beginning of year					<u>3,930,060</u>
Net assets, end of year					<u>\$ 4,101,227</u>

ALLEGAN COUNTY
DRAIN/DPW COMPONENT UNIT
BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	DEBT SERVICE			CAPITAL PROJECTS
	GENERAL FUNDS DRAIN	WATER 7 CASCO/ SOUTH HAVEN	SEWER DORR/LEIGHTON	FILLMORE TOWNSHIP
<u>ASSETS</u>				
Cash and pooled investments	\$ 1,061,369	\$ 5,001	\$ 1,510	\$ 2,296,350
Investments	725,588	-	-	-
Accounts receivable	17,916	-	-	-
Special assessment receivable	1,519,739	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	3,219,999	-	-
TOTAL ASSETS	\$ 3,324,612	\$ 3,225,000	\$ 1,510	\$ 2,296,350
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 6,265	\$ -	\$ -	\$ 171,226
Due to other funds	198,248	-	-	-
Advance from primary government	-	-	-	-
Accrued interest payable	-	-	-	-
Notes payable	1,500,000	-	-	-
Deferred revenue	1,519,740	3,219,999	-	-
TOTAL LIABILITIES	3,224,253	3,219,999	-	171,226
FUND BALANCES				
Reserved for debt service	-	5,001	1,510	-
Reserved for capital projects	-	-	-	2,125,124
Reserved for other purposes	100,359	-	-	-
TOTAL FUND BALANCE	100,359	5,001	1,510	2,125,124
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	\$ 3,324,612	\$ 3,225,000	\$ 1,510	\$ 2,296,350

OTHER GOVERNMENTAL FUNDS		TOTAL GOVERNMENTAL FUNDS	
		<hr/>	
\$	321,839	\$	3,686,069
	-		725,588
	15,956		33,872
	-		1,519,739
	204,242		204,242
	9,277,149		12,497,148
<hr/>		<hr/>	
\$	9,819,186	\$	18,666,658
<hr/>		<hr/>	

\$	25,784	\$	203,275
	-		198,248
	180,000		180,000
	24,182		24,182
	-		1,500,000
	9,311,775		14,051,514
<hr/>		<hr/>	
	9,541,741		16,157,219
	120,100		126,611
	157,345		2,282,469
	-		100,359
<hr/>		<hr/>	
	277,445		2,509,439
<hr/>		<hr/>	
\$	9,819,186	\$	18,666,658
<hr/>		<hr/>	

ALLEGAN COUNTY

DRAIN/DPW COMPONENT UNIT

***Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Assets of
Governmental Activities on the Statement of Net Assets***

DECEMBER 31, 2005

Fund balances - total governmental funds \$ 2,509,439

Amounts reported for governmental activities in the statement of net assets
are different because:

Agreements with local governments for the payment of principal and interest
on debt utilized to finance water and sewer system constructed for the local units
(treated as a capital lease)

Add - accrued interest on lease agreements	111,547
Add - receivable from local governments deferred for the fund statements	12,496,957
Add - special assessments deferred in the fund statements	1,519,740

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Add - capital assets, net	3,783,680
---------------------------	-----------

Certain liabilities, such as bonds payable, are not due and payable in the
current period and therefore are not reported in the funds.

Deduct - bonds payable	(16,157,334)
Deduct - accrued interest on bonds payable	<u>(162,802)</u>

Net assets of governmental activities	<u><u>\$ 4,101,227</u></u>
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ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	DEBT SERVICE		CAPITAL PROJECTS	
GENERAL	WATER 7			
FUNDS	CASCO/	SEWER	FILLMORE	
DRAIN	SOUTH HAVEN	DORR/LEIGHTON	TOWNSHIP	
REVENUES				
Special assessments	\$ 1,009,631	\$ -	\$ -	\$ -
Intergovernmental revenue				
Other local units	44,541	409,356	4,085,875	-
Interest earned	19,930	1,606	-	13,053
Other revenue	347,919	-	-	-
TOTAL REVENUES	1,422,021	410,962	4,085,875	13,053
EXPENDITURES				
Capital outlay	817,589	-	-	1,477,929
Debt service:				
Principal	523,890	285,000	4,000,000	-
Interest and fiscal fees	38,666	125,035	85,675	-
TOTAL EXPENDITURES	1,380,145	410,035	4,085,675	1,477,929
REVENUES OVER (UNDER) EXPENDITURES	41,876	927	200	(1,464,876)
OTHER FINANCING SOURCES (USES)				
Note proceeds	-	-	-	3,590,000
Transfers in	-	-	-	-
Transfers (out)	(486,655)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(486,655)	-	-	3,590,000
CHANGE IN FUND BALANCES	(444,779)	927	200	2,125,124
FUND BALANCES, BEGINNING OF YEAR	545,138	4,074	1,310	-
FUND BALANCES, END OF YEAR	\$ 100,359	\$ 5,001	\$ 1,510	\$ 2,125,124

;

OTHER		TOTAL	
GOVERNMENTAL		GOVERNMENTAL	
FUNDS		FUNDS	
\$	20,194	\$	1,029,825
	955,657		5,495,429
	5,389		39,978
	-		347,919
	981,240		6,913,151
	26,075		2,321,593
	1,005,851		5,814,741
	446,700		696,076
	1,478,626		8,832,410
	(497,386)		(1,919,259)
	-		3,590,000
	487,855		487,855
	(1,200)		(487,855)
	486,655		3,590,000
	(10,731)		1,670,741
	288,176		838,698
\$	277,445	\$	2,509,439

ALLEGAN COUNTY

DRAIN/DPW COMPONENT UNIT

Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities

FOR THE YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - total governmental funds \$ 1,670,741

Amounts reported for *governmental activities* in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Add - capital outlay	383,230
Deduct - depreciation expense	(73,570)

Bond proceeds provide current financial resources to governmental funds in the period
issued, but issuing bonds increases long-term liabilities in the statement of net assets.
Repayment of bond principal is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	5,814,741
Deduct - issuance of long-term debt	(3,590,000)

Some expenses reported in the statement of activities do not require the use of current
financial resources and therefore are not reported as expenditures in the funds.

Deduct - decrease in balance due from other governments for interest on debt	(42,140)
Deduct - decrease in deferred long-term receivables	(4,017,062)
Add - decrease in accrued interest payable	25,227

Change in net assets of governmental activities	<u>\$ 171,167</u>
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ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUND**

DECEMBER 31, 2005

	<u>ASSETS</u>	<u>DRAIN EQUIPMENT</u>
CURRENT ASSETS		
Cash and pooled investments		\$ -
Accounts receivable		<u>9,253</u>
	<u>TOTAL ASSETS</u>	<u>9,253</u>
	<u>LIABILITIES</u>	
CURRENT LIABILITIES		
Accounts payable		1,696
Accrued wages		1,563
Due to other funds		<u>5,994</u>
TOTAL CURRENT LIABILITIES		<u>9,253</u>
	<u>NET ASSETS</u>	
Unrestricted		<u><u>\$ -</u></u>

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>DRAIN EQUIPMENT</u>
OPERATING REVENUES	
Charges for services	<u>\$ 106,315</u>
OPERATING EXPENSES	
Administrative	<u>106,315</u>
CHANGE IN NET ASSETS	-
NET ASSETS, BEGINNING OF YEAR	<u>-</u>
NET ASSETS, END OF YEAR	<u><u>\$ -</u></u>

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND**

FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>DRAIN EQUIPMENT</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from interfund charges	\$ 147,162
Cash payments to suppliers for goods and services	(23,792)
Cash payments to employees for services	<u>(81,432)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	41,938
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Due to other funds	<u>(41,938)</u>
NET CHANGE IN CASH AND POOLED INVESTMENTS	-
CASH AND POOLED INVESTMENTS, BEGINNING OF YEAR	<u>-</u>
CASH AND POOLED INVESTMENTS, END OF YEAR	<u><u>\$ -</u></u>
OPERATING INCOME	\$ -
Adjustments to Reconcile Operating Income to net cash provided by Operating Activities:	
Changes in Operating Assets and Liabilities which provided (used) cash:	
Accounts receivable	40,847
Accounts payable	417
Accrued wages	<u>674</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 41,938</u></u>

ALLEGAN COUNTY
DRAIN/DPW COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

DECEMBER 31, 2005

	DEBT SERVICE		
	SEWER WAYLAND	WATER 4 GUNPLAIN	WATER 6 OTSEGO
<u>ASSETS</u>			
Cash and pooled investments	\$ 973	\$ 1,813	\$ -
Accounts receivable	-	-	-
Due from other funds	-	-	-
Due from other governments	1,374,027	1,073,187	-
<u>TOTAL ASSETS</u>	<u>\$ 1,375,000</u>	<u>\$ 1,075,000</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Advance from primary government	-	-	-
Accrued interest payable	-	-	-
Deferred revenue	1,374,027	1,073,187	-
TOTAL LIABILITIES	1,374,027	1,073,187	-
FUND BALANCES			
Reserved for debt service	973	1,813	-
Reserved for capital projects	-	-	-
TOTAL FUND BALANCES	973	1,813	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,375,000</u>	<u>\$ 1,075,000</u>	<u>\$ -</u>

DEBT SERVICE

MCCONNELL DRAIN	SEWER 15 WAYLAND	SEWER 12 ALLEGAN TOWNSHIP	SEWER 13 SAUGATUCK	SEWER 5 SAUGATUCK	WATER & SEWER 3 OTSEGO TOWNSHIP	WASTEWATER CASCO/ SOUTH HAVEN
\$ 39,653 1,169 - -	\$ 858 - - 1,349,142	\$ 519 - - 309,481	\$ 784 - - 549,216	\$ 979 - - -	\$ 6,582 - - 603,418	\$ 403 - - -
\$ 40,822	\$ 1,350,000	\$ 310,000	\$ 550,000	\$ 979	\$ 610,000	\$ 403
\$ - - - -	\$ - - - 1,349,142	\$ - - - 309,291	\$ - - - 549,216	\$ - - - -	\$ - - - 603,418	\$ - - - -
-	1,349,142	309,291	549,216	-	603,418	-
40,822 -	858 -	709 -	784 -	979 -	6,582 -	403 -
40,822	858	709	784	979	6,582	403
\$ 40,822	\$ 1,350,000	\$ 310,000	\$ 550,000	\$ 979	\$ 610,000	\$ 403

(Continued)

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

DECEMBER 31, 2005

DEBT SERVICE

<u>ASSETS</u>					
	OTSEGO WATER AND SEWER	FILLMORE TOWNSHIP	CHAPTER 20 DEBT - 1 GUNPLAIN	BYRON/DORR	CHAPTER 20 DEBT INTERCEPTOR
Cash and pooled investments	\$ 1,069	\$ 24,182	\$ 717	\$ -	\$ -
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	1,273,822	1,464,876	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ 1,274,891</u>	<u>\$ 1,489,058</u>	<u>\$ 717</u>	<u>\$ -</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Advance from primary government	-	-	-	-	-
Accrued interest payable	-	24,182	-	-	-
Deferred revenue	1,273,822	1,464,876	-	-	-
TOTAL LIABILITIES	1,273,822	1,489,058	-	-	-
FUND BALANCES					
Reserved for debt service	1,069	-	717	-	-
Reserved for capital projects	-	-	-	-	-
TOTAL FUND BALANCES	1,069	-	717	-	-
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 1,274,891</u>	<u>\$ 1,489,058</u>	<u>\$ 717</u>	<u>\$ -</u>	<u>\$ -</u>

DEBT SERVICE

DEBT SERVICE													
GUDITH DRAIN		KUIPERS DRAIN		CHAPTER 20 DEBT MOLINE		SUNSET SHORES		NELSON GILKEY		GLENN SHORE DRAIN		MARTIN VILLAGE	
\$	28,408	\$	3,503	\$	-	\$	12,323	\$	7,925	\$	10,855	\$	1,377
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		1,279,980
<hr/>													
\$	28,408	\$	3,503	\$	-	\$	12,323	\$	7,925	\$	10,855	\$	1,281,357
<hr/>													
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		-		-		-		-		-		1,279,980
<hr/>													
	-		-		-		-		-		-		1,279,980
<hr/>													
	28,408		3,503		-		12,323		7,925		10,855		1,377
	-		-		-		-		-		-		-
<hr/>													
	28,408		3,503		-		12,323		7,925		10,855		1,377
<hr/>													
\$	28,408	\$	3,503	\$	-	\$	12,323	\$	7,925	\$	10,855	\$	1,281,357
<hr/>													

(Continued)

ALLEGAN COUNTY
DRAIN/DPW COMPONENT UNIT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

DECEMBER 31, 2005

	CAPITAL PROJECTS		
	SEWER 15 CITY OF WAYLAND	MARTIN VILLAGE WATER #8	BYRON/DORR CONSTRUCTION
<u>ASSETS</u>			
Cash and pooled investments	\$ -	\$ 20,642	\$ 1,822
Accounts receivable	-	14,787	-
Due from other funds	-	-	-
Due from other governments	-	-	-
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 35,429</u>	<u>\$ 1,822</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Advance from primary government	-	-	-
Accrued interest payable	-	-	-
Deferred revenue	-	34,816	-
<u>TOTAL LIABILITIES</u>	<u>-</u>	<u>34,816</u>	<u>-</u>
FUND BALANCES			
Reserved for debt service	-	-	-
Reserved for capital projects	-	613	1,822
<u>TOTAL FUND BALANCES</u>	<u>-</u>	<u>613</u>	<u>1,822</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 35,429</u>	<u>\$ 1,822</u>

CAPITAL PROJECTS

OTSEGO WATER AND SEWER CONSTRUCTION		REVOLVING DRAIN	SUNSET SHORES	NELSON GILKEY	GUDITH DRAIN	TOTAL
\$	109	\$ -	\$ 43,418	\$ 72,881	\$ 40,044	\$ 321,839
	-	-	-	-	-	15,956
	-	204,242	-	-	-	204,242
	-	-	-	-	-	9,277,149
<hr/>						
\$	109	\$ 204,242	\$ 43,418	\$ 72,881	\$ 40,044	\$ 9,819,186
<hr/>						
\$	-	\$ 24,242	\$ -	\$ 1,542	\$ -	\$ 25,784
	-	180,000	-	-	-	180,000
	-	-	-	-	-	24,182
	-	-	-	-	-	9,311,775
<hr/>						
	-	204,242	-	1,542	-	9,541,741
<hr/>						
	-	-	-	-	-	120,100
	109	-	43,418	71,339	40,044	157,345
<hr/>						
	109	-	43,418	71,339	40,044	277,445
<hr/>						
\$	109	\$ 204,242	\$ 43,418	\$ 72,881	\$ 40,044	\$ 9,819,186
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(Concluded)

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2005

	DEBT SERVICE				
	SEWER WAYLAND	WATER 4 GUNPLAIN	WATER 6 OTSEGO	MCCONNELL DRAIN	SEWER 15 WAYLAND
REVENUES					
Special assessments	\$ -	\$ -	\$ -	\$ 3,869	\$ -
Intergovernmental revenue					
Other local units	122,575	100,025	-	-	110,538
Interest earned	68	628	-	-	61
TOTAL REVENUES	122,643	100,653	-	3,869	110,599
EXPENDITURES					
Capital outlay	-	-	-	-	-
Debt service					
Principal	50,000	50,000	-	85,000	50,000
Interest and fiscal fees	72,226	50,025	-	19,660	60,188
TOTAL EXPENDITURES	122,226	100,025	-	104,660	110,188
REVENUES OVER (UNDER) EXPENDITURES	417	628	-	(100,791)	411
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Transfers in	-	-	-	110,608	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	110,608	-
NET CHANGES IN FUND BALANCES	417	628	-	9,817	411
FUND BALANCES, BEGINNING OF YEAR	556	1,185	-	31,005	447
FUND BALANCES, END OF YEAR	\$ 973	\$ 1,813	\$ -	\$ 40,822	\$ 858

DEBT SERVICE					
SEWER 12	SEWER 13	SEWER 5	WATER & SEWER 3	WASTEWATER	
ALLEGAN TOWNSHIP	SAUGATUCK	SAUGATUCK	OTSEGO TOWNSHIP	CASCO/ SOUTH HAVEN	
\$ -	\$ -	\$ -	\$ -	\$ -	-
95,406	82,488	129,056	61,739		-
709	482	728	656		-
96,115	82,970	129,784	62,395		-
-	-	-	-		-
75,000	50,000	125,000	35,000		-
20,406	32,463	3,857	26,035		-
95,406	82,463	128,857	61,035		-
709	507	927	1,360		-
-	-	-	-		-
-	-	-	1,200		-
-	-	-	(1,200)		-
-	-	-	-		-
709	507	927	1,360		-
-	277	52	5,222		403
\$ 709	\$ 784	\$ 979	\$ 6,582	\$	403

(Continued)

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2005

	DEBT SERVICE					
	OTSEGO WATER AND SEWER	FILLMORE TOWNSHIP	CHAPTER 20 DEBT - 1 GUNPLAIN	CHAPTER 20 DEBT BYRON/DORR INTERCEPTOR	GUDITH DRAIN	
REVENUES						
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	7,963
Intergovernmental revenue						
Other local units	97,938	-	-	-	-	-
Interest earned	605	-	-	-	-	-
TOTAL REVENUES	98,543	-	-	-	-	7,963
EXPENDITURES						
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	25,000	-	-	200,000	-	60,000
Interest and fiscal fees	73,413	-	-	3,062	-	7,200
TOTAL EXPENDITURES	98,413	-	-	203,062	-	67,200
REVENUES OVER (UNDER) EXPENDITURES	130	-	-	(203,062)	-	(59,237)
OTHER FINANCING SOURCES (USES)						
Note proceeds	-	-	-	-	-	-
Transfers in	-	-	-	130,872	-	62,336
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	130,872	-	62,336
NET CHANGES IN FUND BALANCES	130	-	-	(72,190)	-	3,099
FUND BALANCES, BEGINNING OF YEAR	939	-	717	72,190	-	25,309
FUND BALANCES, END OF YEAR	\$ 1,069	\$ -	\$ 717	\$ -	\$ -	\$ 28,408

DEBT SERVICE

CHAPTER 20						
KUIPERS DRAIN	DEBT MOLINE	SUNSET SHORES	NELSON GILKEY	GLENN SHORE DRAIN	MARTIN VILLAGE	
\$ 114	\$ -	\$ 6,323	\$ 1,925	\$ -	\$ -	
-	-	-	-	-	96,769	
-	-	-	-	675	164	
114	-	6,323	1,925	675	96,933	
-	-	-	-	-	-	
29,600	-	94,826	42,425	-	34,000	
3,540	-	7,720	4,136	-	62,769	
33,140	-	102,546	46,561	-	96,769	
(33,026)	-	(96,223)	(44,636)	675	164	
-	-	-	-	-	-	
33,732	-	102,546	46,561	-	-	
-	-	-	-	-	-	
33,732	-	102,546	46,561	-	-	
706	-	6,323	1,925	675	164	
2,797	-	6,000	6,000	10,180	1,213	
\$ 3,503	\$ -	\$ 12,323	\$ 7,925	\$ 10,855	\$ 1,377	

(Continued)

ALLEGAN COUNTY

**DRAIN/DPW COMPONENT UNIT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2005

	CAPITAL PROJECTS				
	SEWER 15	MARTIN		OTSEGO	
	CITY OF	VILLAGE	BYRON/DORR	WATER AND	REVOLVING
	WAYLAND	WATER #8	CONSTRUCTION	SEWER CONSTRUCTION	DRAIN
REVENUES					
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue					
Other local units	-	-	-	-	-
Interest earned	-	613	-	-	-
TOTAL REVENUES	-	613	-	-	-
EXPENDITURES					
Capital outlay	914	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest and fiscal fees	-	-	-	-	-
TOTAL EXPENDITURES	914	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	(914)	613	-	-	-
OTHER FINANCING SOURCES (USES)					
Note proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-
NET CHANGES IN FUND BALANCES	(914)	613	-	-	-
FUND BALANCES, BEGINNING OF YEAR	914	-	1,822	109	-
FUND BALANCES, END OF YEAR	\$ -	\$ 613	\$ 1,822	\$ 109	\$ -

CAPITAL PROJECTS

SUNSET SHORES	NELSON GILKEY	GUDITH DRAIN	TOTAL
\$ -	\$ -	\$ -	\$ 20,194
-	59,123	-	955,657
-	-	-	5,389
-	59,123	-	981,240
36	22,176	2,949	26,075
-	-	-	1,005,851
-	-	-	446,700
36	22,176	2,949	1,478,626
(36)	36,947	(2,949)	(497,386)
-	-	-	-
-	-	-	487,855
-	-	-	(1,200)
-	-	-	486,655
(36)	36,947	(2,949)	(10,731)
43,454	34,392	42,993	288,176
\$ 43,418	\$ 71,339	\$ 40,044	\$ 277,445

(Concluded)

COUNTY OF ALLEGAN
GENERAL FUND EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS

Year Ended December 31	Legislative	Judicial	General Government	Public Safety	Public Works	Health and Welfare	Culture and Recreation	Other	Principal	Capital Outlay	Interest/Fiscal Charges	Total
1996	\$ 244,653	\$ 2,880,945	\$ 3,542,997	\$ 5,626,705	\$ 134,403	\$ 431,975	\$ 46,152	\$ 1,885,665	\$ 43,427	\$ 358,698	\$ 7,372	\$ 15,202,992
1997	374,252	3,481,381	4,460,084	6,660,866	168,673	509,626	47,099	329,057	46,102	671,531	4,697	16,753,368
1998	274,306	3,450,936	4,976,997	6,158,466	175,882	469,502	44,525	176,276	48,943	556,392	1,856	16,334,081
1999	318,586	3,708,699	5,656,716	6,981,119	218,981	483,327	53,946	183,782	4,212	687,476	21	18,296,865
2000	354,516	3,659,492	6,316,832	7,119,963	223,084	597,969	53,590	201,278	-	478,971	-	19,005,695
2001	525,692	4,243,260	6,505,402	6,985,237	308,671	539,239	67,395	197,617	-	-	-	19,372,513
2002	526,990	4,331,791	6,965,296	7,075,136	272,168	576,095	-	227,931	-	-	-	19,975,407
2003	511,862	4,627,456	7,392,170	7,395,886	271,231	585,413	-	720,020	-	-	-	21,504,038
2004	387,025	4,769,820	7,480,243	7,623,366	238,545	593,564	-	992,524	-	-	-	22,085,087
2005	459,332	4,821,524	7,977,684	8,191,871	258,728	396,030	-	563,405	-	-	-	22,668,574

(1) Includes General Fund of the Primary Government only.

(2) Allegan County Annual Financial Report

COUNTY OF ALLEGAN
GENERAL FUND REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>Taxes</u>	<u>Licenses & Permits</u>	<u>Federal Grants</u>	<u>State Grants</u>	<u>Contributions from Local Units</u>
1996	\$9,648,890	\$ 76,452	\$ 657,529	\$ 3,128,112	\$ 216,557
1997	10,206,910	70,639	1,016,296	3,415,685	233,548
1998	10,848,049	76,065	743,733	3,440,100	-
1999	11,716,148	78,801	767,252	3,625,589	-
2000	12,363,198	81,868	958,115	3,575,139	-
2001	12,905,670	91,036	1,111,187	4,181,787	-
2002	14,084,337	93,958	975,910	3,931,630	-
2003	14,864,303	130,375	1,075,479	3,584,912	-
2004	15,415,186	140,795	1,383,932	2,475,589	-
2005	16,667,420	148,502	1,178,297	1,849,959	-

<u>Year Ended December 31</u>	<u>Charges for Services</u>	<u>Fines & Forfeits</u>	<u>Interest & Rentals</u>	<u>Other Revenue</u>	<u>Total</u>
1996	\$2,686,529	\$ 220,292	\$ 1,025,103	\$ 813,456	\$ 18,472,920
1997	2,945,294	235,620	995,675	1,116,976	20,236,643
1998	3,031,520	224,500	899,794	968,396	20,232,157
1999	2,888,743	353,640	1,068,965	1,162,385	21,661,523
2000	2,779,971	247,942	1,472,339	1,268,374	22,746,946
2001	2,972,941	215,784	1,473,993	929,588	23,881,986
2002	3,239,312	187,731	671,221	1,021,398	24,205,497
2003	3,971,267	264,636	803,281	1,064,273	25,758,526
2004	3,764,996	283,998	718,364	1,282,617	25,465,477
2005	3,766,436	249,534	767,364	1,394,290	26,021,802

(1) Includes General Fund of the Primary Government only.

(2) Allegan County Annual Financial Report

**COUNTY OF ALLEGAN
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Year Ended December 31</u>	<u>Total Tax Levy</u>	<u>Collections To March 1 Each Year</u>	<u>Percent of Levy Collected</u>
1996	\$ 12,008,463	\$11,082,854	92.29%
1997	12,852,219	11,644,113	90.60%
1998	13,731,607	12,582,199	91.62%
1999	16,060,678	14,730,082	91.72%
2000	17,724,247	16,207,627	91.44%
2001	19,088,904	18,028,422	94.44%
2002	20,404,418	19,359,833	94.88%
2003	21,292,353	19,709,026	92.56%
2004	22,581,049	21,161,490	93.71%
2005	20,451,069	19,254,137	94.15%

Source: Allegan County Treasurer's Department

COUNTY OF ALLEGAN
ASSESSED AND EQUALIZED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Year Ended December 31	Real Property		Personal Property Assessed and Equalized	Total Equalized Value (1)	Total Taxable Value (2)
	Assessed	Equalized			
1996	\$ 1,841,730,432	\$ 1,841,730,432	\$ 272,534,825	\$ 2,114,265,257	\$ 1,999,339,621
1997	2,061,994,445	2,062,865,906	273,159,273	2,336,025,179	2,123,175,665
1998	2,318,028,485	2,318,650,604	290,873,165	2,609,523,769	2,282,362,672
1999	2,598,655,334	2,598,655,334	300,936,919	2,899,592,253	2,416,296,142
2000	2,898,230,574	2,903,401,064	307,346,960	3,210,748,024	2,584,955,720
2001	3,335,620,666	3,337,679,171	342,992,835	3,680,672,006	2,822,279,671
2002	3,632,041,426	3,632,762,708	336,502,096	3,969,264,804	3,019,147,377
2003	3,944,165,738	3,944,165,738	331,719,278	4,275,885,016	3,183,712,735
2004	4,244,999,252	4,244,999,252	346,868,635	4,591,867,887	3,407,613,586
2005	4,549,299,267	4,549,299,267	335,960,115	4,886,259,382	3,613,773,880

(1) The Michigan Constitution and Statutes provide that property is to be assessed and equalized at 50% of its fair market value.

(2) Sweeping and complex changes have been made in the property tax system by the constitutional amendment adopted March 15, 1994 and the implementing legislation. The entire system of assessing and equalization remains in place and is required by law. However, a "capped value" is now required to be computed for each and every parcel and the lower of the capped value or SEV will be the parcel's "Taxable Value".

Source: Allegan County 2005 Equalization Report

COUNTY OF ALLEGAN
PROPERTY TAX RATES AND TAX LEVIES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

<u>Year Ended December 31</u>	<u>City and Villages</u>	<u>School Districts Intermediate and Special Education</u>	<u>County</u>	<u>Township</u>	<u>Total</u>
Tax rates: (per \$1,000 of equalized value)					
1995	15.41	8.73	6.0061	3.53	24.9461
1996	15.00	9.27	6.0061	3.77	24.7761
1997	15.03	7.57	6.0533	4.05	25.1333
1998	15.14	9.25	6.0164	4.12	25.2764
1999	15.25	9.47	6.9406	3.53	25.7206
2000	15.04	9.65	6.8551	4.23	26.1251
2001	15.20	9.86	6.7631	3.99	25.9531
2002	14.98	9.77	6.7583	4.09	25.8283
2003	15.21	9.31	6.6879	4.02	25.9179
2004	15.31	10.66	6.6275	3.97	25.9075
2005	15.08	10.57	6.6275	3.94	25.6484

Tax levies:

1995	\$ 8,588,181	\$16,762,987	\$11,510,691	\$ 4,800,744	\$41,662,603
1996	9,319,082	22,425,701	12,698,489	5,624,739	50,068,011
1997	9,482,070	16,068,963	13,870,707	6,047,679	45,469,419
1998	10,132,812	21,117,415	13,731,607	6,650,704	51,632,538
1999	10,941,437	21,059,865	17,964,328	5,988,346	55,953,976
2000	11,489,379	24,946,861	17,724,248	7,697,220	61,857,708
2001	12,534,661	27,838,596	19,088,904	7,940,055	67,402,216
2002	12,872,785	29,502,124	20,404,418	8,840,882	71,620,209
2003	13,240,993	31,110,203	21,292,353	9,413,865	75,057,414
2004	13,995,563	36,133,890	22,583,954	9,464,745	82,178,152
2005	14,421,985	38,045,126	23,159,893	10,007,529	85,634,533

(1) Tax Warrants and 4029

NOTE: Allegan County has established a Delinquent Tax Revolving Fund which pays all real property taxes returned delinquent to the County Treasurer as of March 1, of each year. Said fund pays all local units, school districts, villages, townships and the County General Fund for the amount of taxes levied against real property. Uncollected personal property taxes must be collected by the local treasurers and are negligible.

COUNTY OF ALLEGAN
COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2005

State equalized value	<u>\$ 4,549,299,287</u>
Debt limit 10 percent of equalized value	<u>454,929,929</u>
Amount of debt applicable to debt limit:	
County facilities debt	9,315,000
County water and sewer debt	<u>15,056,970</u>
Total	24,371,970
Less:	
Assets available for debt retirement	<u>31,590</u>
Total amount of debt applicable to debt limit	<u>24,340,380</u>
Legal debt margin	<u><u>\$ 430,589,549</u></u>

COUNTY OF ALLEGAN
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2005

	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable To County of Allegan</u>	<u>Amount Applicable To County of Allegan</u>
County at Large	\$ 26,920,000	100.00%	\$ 26,920,000
School districts	805,795,612	34%	272,004,932
Cities and villages (1)	63,830,372	45.50%	29,042,650
Townships (1)	23,732,670	100.00%	23,732,670
Intermediate School Districts	8,215,000	17.95%	1,474,381
Community College	57,460,000	0.33%	189,618
Authority	<u>8,615,000</u>	34.17%	<u>2,943,746</u>
Total	<u>\$ 994,568,654</u>		<u>\$ 356,307,997</u>

(1) Includes county-issued bonds paid by local municipalities

COUNTY OF ALLEGAN
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value	Gross Bonded Debt	Less Amount Available for Debt Retirement	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	98,923	2,114,265,257	-	-	-	-	-
1997	100,488	2,335,153,718	-	-	-	-	-
1998	101,680 *	2,608,901,650	1,375,000	-	1,375,000	0.00053	13.52
1999	103,406 *	2,899,592,253	1,350,000	701	1,349,299	0.00047	13.05
2000	105,665	3,205,577,534	1,325,000	1,151	1,323,849	0.00041	12.53
2001	107,461 *	3,678,613,501	20,395,000	69,280	20,325,720	0.00553	189.15
2002	109,336 *	3,969,264,804	18,120,000	22,737	18,097,263	0.00456	165.52
2003	110,331 *	4,275,885,016	13,835,000	64,069	13,770,931	0.00322	124.81
2004	112,477 *	4,591,867,887	10,985,000	42,570	10,942,430	0.00238	97.29
2005	113,174	4,885,259,382	9,315,000	31590	9,283,410	0.00190	82.03

(1) Michigan Employment Service Agency - MESA Labor Mkt Analysis.

* Estimates

COUNTY OF ALLEGAN
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service (1)</u>	<u>Total General Governmental Expenditures (2)</u>	<u>Ratio of Debt Service to General Governmental Expenditures</u>
1996	-	-	-	39,323,758	0.00%
1997	-	-	-	40,571,681	0.00%
1998	-	-	-	43,017,091	0.00%
1999	25,000	65,406	90,406	48,293,108	0.19%
2000	25,000	64,394	89,394	50,547,608	0.18%
2001	25,000	62,781	87,781	58,159,230	0.15%
2002	2,275,000	844,625	3,119,625	64,206,338	4.86%
2003	2,750,000	729,855	3,479,855	62,737,695	5.55%
2004	2,850,000	557,150	3,407,150	68,718,736	4.96%
2005	1,670,000	482,929	2,152,929	66,259,494	3.25%

(1) Total Debt Service includes general obligation building authority bonds.

(2) Includes general, special revenue, debt service and capital projects funds of the primary government only.

COUNTY OF ALLEGAN
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>New Commercial Construction Value (1)</u>	<u>New Industrial Construction Value (1)</u>	<u>New Residential Construction Value (1)</u>	<u>Bank Deposits (In Thousands) (2)</u>	<u>State Equalized Value</u>
1996	18,466,718	41,082,740	50,928,066	520,354	2,114,265,257
1997	*15,141,504	*13,155,072	*31,285,473	543,576	2,336,025,179
1998	28,776,549	38,109,416	75,997,964	591,169	2,609,523,769
1999	27,560,443	35,340,041	77,437,042	585,941	2,899,592,253
2000	44,812,780	43,721,628	97,598,199	591,000	3,210,748,024
2001	53,061,233	46,695,275	91,300,688	621,336	3,680,672,006
2002	48,872,519	36,695,350	95,173,780	678,915	3,969,264,804
2003	39,088,075	33,866,720	118,272,805	694,674	4,275,885,016
2004	25,967,966	20,432,714	127,591,833	680,951	4,591,867,887
2005	32,842,433	35,413,427	144,495,314	716,000	4,885,259,382

(1) Allegan County Equalization Department.

(2) Source: FDIC, BANKS AND BRANCHES, Summary of deposits in all commercial and savings banks.
(as of June 30 of each year)

* Not all Townships & Cities information was available

**COUNTY OF ALLEGAN
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
1995	97,412	\$ 15,132	17,618	3.8%
1996	98,923	15,921	17,724	3.7%
1997	100,488	16,910	18,148	3.1%
1998	*101,680	17,461	18,251	2.9%
1999	*103,406	**20,655	18,316	2.9%
2000	105,665	**21,475	18,464	3.0%
2001	*107,461	**21,840	18,135	4.6%
2002	*109,336	**22,221	18,582	5.8%
2003	*110,331	**26,005	18,632	6.9%
2004	*112,477	**31,954	19,272	6.7%

(1) Michigan Employment Services Agency - MESA Labor Mkt. Analysis/U S Census

(2) Fourth Wednesday count, Allegan County Intermediate School District
Private school information as available

* Estimates

** Calculation based on State and Federal government data

**COUNTY OF ALLEGAN
PRINCIPAL TAXPAYERS
DECEMBER 31, 2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Valuation (1)</u>	<u>Percent of Valuation</u>
Consumers Energy Co.	Electric Distribution	\$ 65,978,664	0.0183
L. Perrigo Pharmaceuticals	Pharmaceuticals	46,594,529	0.0129
Haworth Inc.	Office Furniture	42,814,664	0.0118
Johnson Controls	Plastic Manufacture	37,398,945	0.0103
Menasha Corp.	Corrugated Paper	24,003,948	0.0066
Packerland Plainwell Inc	Meat Processing	12,230,176	0.0034
Parker Hannifin Corp.	Fittings, Actuators	12,054,770	0.0033
Murco Inc.	Meat Processing	12,725,959	0.0035
Lakeshore Dunes LLC	Real Estate Holding	10,135,940	0.0028
Department of Natural Resources	Wildlife Law Enforcement	<u>8,222,447</u>	<u>0.0023</u>
Total		<u>\$ 272,160,042</u>	<u>7.5312%</u>

(1) Allegan County Equalization Department.
The 2005 Total Taxable Valuation was

\$3,613,773,880



SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2005

ALLEGAN COUNTY SINGLE AUDIT REPORT

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 23, 2006

County Board of Commissioners
Allegan County
Allegan, Michigan 49010

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegan County, Michigan, as of and for the year ended December 31, 2005, and have issued our report thereon dated June 23, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Road Commission Component Unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our report on these financial statements insofar as it relates to the amounts included for the Road Commission was based solely on the report of other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allegan County, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Allegan County, Michigan's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2005-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Allegan County, Michigan, in a separate letter dated June 23, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allegan County, Michigan's, financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the County Commissioners, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

June 23, 2006

County Board of Commissioners
Allegan County
Allegan, Michigan 49010

Compliance

We have audited the compliance of Allegan County, Michigan, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. Allegan County, Michigan's, major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Allegan County, Michigan's, management. Our responsibility is to express an opinion on Allegan County, Michigan's, compliance based on our audit.

Allegan County's financial statements include the operations of the Road Commission Component Unit, which received \$1,788,151 in federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2005. Our audit, described below, did not include the operations of the Road Commission Component Unit because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allegan County, Michigan's, compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Allegan County, Michigan's, compliance with those requirements.

In our opinion, Allegan County, Michigan, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of Allegan County, Michigan, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Allegan County, Michigan's, internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2005-2 and 2005-3.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, caused by error or fraud, the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we do not believe that any are a material weakness.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.

ALLEGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Federal CFDA #	Grantor Pass-through #	Program or Disbursements/ Award Amt Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Education Department			
Commodities & Bonus Commodities	10.550		\$ 18,875
School Breakfast	10.553		14,824
School Lunch	10.555		25,743
Total U.S. Department of Agriculture			59,442
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through Michigan Job Commission CDBG/Small Cities Program			
Housing Program	14.228		\$ 300,000 17,482
Development Infrastructure Project - City of Holland	14.228	MSC-200052-EDIG	600,350 8,475
Total U.S. Department of Housing and Urban Development			25,957
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through Michigan Family Independence Agency			
Juvenile Accountability Incentive Block Grant	16.523	04-03001	14,397 3,600
Juvenile Accountability Incentive Block Grant	16.523	05-03001	17,788 14,306
Passed through City of Holland			
WEMET - Drug Enforcement	16.579	70834-604B	33,093 30,026
WEMET - Drug Enforcement	16.579	70834-706B	39,802 12,354
Passed through Michigan Department of Community Health			
Domestic Violence Intervention	16.579	72007-4-04-B	39,309 26,651
Allegan Co. Strict Discipline Academy	16.579	72031-3-04-B	49,497 35,570
Allegan Co. Strict Discipline Academy	16.579	72031-4-06-B	40,000 10,037
Direct from the U.S.Department of Justice			
State Criminal Alien Assistance Program	16.606		143,100
COPS Methamphetamine Grant	16.579	2003CKWX0001	222,218 65,315
Total U.S. Department of Justice			340,959
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through Michigan Department of Transportation			
Capital Assistance - Section 5310	20.513	2004-0440	51,480 47,151
Capital Assistance - Section 5311	20.509	2002-0003/Z11	21,840 21,555
Capital Assistance - Section 5310	20.513	2004-0439	54,328 54,328
2005 Operating Assistance Section 5311	20.509	2002-003/Z14	53,353 46,743
2006 Operating Assistance Section 5311	20.509	2002-003/Z19	102,800 22,481
Passed through Michigan Department of State Police			
Secondary Road Patrol	20.600	50028-05	168,684 92,423
Secondary Road Patrol	20.600	50028-06	77,710 77,710
Total U.S. Department of Transportation			362,391

ALLEGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Federal CFDA #	Grantor Pass-through #	Program or Award Amt	Disbursements/ Expenditures
<u>NATIONAL TRAFFIC SAFETY HIGHWAY ASSOCIATION - NTSHA</u>				
Passed through Michigan Department of State Police				
Highway Safety Program	20.600	PT-05-93	\$ 42,818	\$ 41,679
Highway Safety Program	20.600	PT-06-52	45,000	13,857
Total NTSHA				55,536
<u>DEPARTMENT OF ENVIRONMENTAL QUALITY</u>				
Passed through Michigan Department of Environmental Quality				
Water Monitoring - Public/Private Water	66.468			67,014
Total Department of Environmental Quality				67,014
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Passed through Michigan Department of State Police				
State Homeland Security Grant - Equipment	97.004	2004 SHSGP	613,603	493,481
Emergency Management Performance Program	97.067	FY2005	28,736	20,886
Emergency Management Performance Program	97.067	FY2006		6,212
Hazardous Materials Emergency Preparedness Grant	97.067	04-05 HMEP	5,775	5,592
Total U.S. Department of Homeland Security				526,171
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Passed through the Lake Shore Coordinating Council				
Prevention and Treatment of Substance Abuse	93.959		91,830	74,759
Strengthening Families	93.243		91,900	72,204
Methamphetamine Grant	93.243		32,692	10,971
Passed through the Michigan Department of Human Services				
Strong Families/Safe Children Coordinator	93.556	SFSC-04-03005	12,085	9,800
Friend of the Court Incentive	93.563			161,080
Cooperative Reimbursement Program	93.563	CS/COM-05-03003	992,167	555,990
Cooperative Reimbursement Program	93.563	CS/COM-06-03003	1,021,932	203,202
Friend of the Court/Prosecutor				
Passed through Michigan Department of Community Health				
Childhood Immunization Program	93.268	H23-CCH522556	47,733	5,330
Childhood Immunization Program	93.268	H23-CCH522556	47,932	35,831
Childhood Immunization Program - Vaccines	93.268			238,727
HIV Prev Act	93.940	CCU52348401	18,920	13,157
HIV Prev Act	93.940	CCU52346401	19,230	4,808
Ctrs Disease Ctrl Prev Investg Tech Asst	93.283	CCU517018	5,426	5,426
Ctrs Disease Ctrl Prev Investg Tech Asst	93.283	CCU517018	25,382	22,344
Ctrs Disease Ctrl Prev Investg Tech Asst	93.283	CCU517018	53,288	49,878
Ctrs Disease Ctrl Prev Investg Tech Asst	93.283	CCU517018	187,561	33,034
Ctrs Disease Ctrl Prev Investg Tech Asst	93.283	CCU517018	4,486	4,487
Ctrs Disease Ctrl Prev Investg Tech Asst	93.283	CCU517018	110,592	68,821
Creating Meaningful Lives	93.630	2004-061	150,000	102,297
Developmental Disabilities Basic Support and Advocacy Grants	93.630	2004-022	66,120	23,012
Medical Assistance Program	93.778	B1MIMCHS-B4		4,110
OBRA/PASARR	93.778			91,943

ALLEGAN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

	Federal CFDA #	Grantor Pass-through #	Program or Award Amt	Disbursements/ Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED)</u>				
Passed through Michigan Department of Community Health (Continued)				
Maternal & Child Health Serv. Block Grant	93.994	B1MIMCHS-B4	\$ 49,505	\$ 31,026
Maternal & Child Health Serv. Block Grant	93.994	B1MIMCHS-B4	21,835	6,125
Maternal & Child Health Serv. Block Grant	93.994	B1MIMCHS-B5	21,998	32,029
Maternal & Child Health Serv. Block Grant	93.994	B1MIMCHS-B5	49,505	5,875
Block Grant For Community Mental Health Services	93.958	04B1MICMHS-03	259,400	181,303
Projects to Assist in Transition from Homelessness	93.150	2005-3453	31,250	14,586
Total U.S.Department of Health and Human Services				<u>2,062,155</u>
TOTAL PRIMARY GOVERNMENT				3,499,625
ROAD COMMISSION (COMPONENT UNIT)				<u>1,788,151</u>
TOTAL FEDERAL AWARDS				<u>\$ 5,287,776</u>

ALLEGAN COUNTY, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Allegan, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County of Allegan, Michigan passed through federal awards to subrecipients in the amount of \$487,000 from Homeland Security Equipment Support (CFDA #97.004) and \$60,000 from other (nonmajor) programs.

ALLEGAN COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:

*Unqualified on basic
financial statements*

Internal controls over financial reporting:

Material weakness(es) identified?

 X yes no

Reportable condition(s) identified not
considered to be material weaknesses?

 yes X none reported

Noncompliance material to financial
statements noted?

 yes X no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

 yes X no

Reportable condition(s) identified not
considered to be material weaknesses?

 X yes none reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section 510(a)

 X yes no

Identification of Major Programs

CFDA Number

93.563
97.004
93.268
20.600

Name of Federal Program or Cluster

Child Support Enforcement
Homeland Security Equipment Support
Childhood Immunization
Highway Safety

Dollar threshold used to distinguish
between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 yes X No

ALLEGAN COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2005-1

Criteria:	The County is required to post various journal entries in order to properly state its internal accounting records in accordance with GAAP.
Condition:	During our audit, we determined that numerous significant adjustments had been left unposted throughout the bulk of the fiscal year. This both significantly increased the amount of effort required at year end to properly reconcile and balance the County's various accounts, but also created a significant risk that interim financial data used by management for decision-making and/or reported to grantor agencies would be materially inaccurate and not be detected.
Recommendation:	We recommend that Allegan County should post journal entries in a timely manner in order to reconcile all account balances to the general ledger.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2005-2

U.S. Department of Homeland Security

CFDA#97.004 (Major Program)

Criteria:	The County is required to identify capital assets purchased with federal financial assistance separately from those purchased with County funds. This procedure is required so that federal requirements associated with federally funded assets can be followed
Condition:	During our audit, we determined that capital assets purchased with grant funds were not appropriately identified and accounted for separately from the other assets purchased with non-federal funds.
Recommendation:	We recommend that the County implement a procedure to distinguish assets purchased with federal financial assistance from those purchased with other County funds.

ALLEGAN COUNTY, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2005

Finding 2005-3

U.S. Department of Homeland Security

CFDA#97.004 (Major Program)

Criteria:	During the year, the County purchased assets with federal financial assistance that were passed through to sub-recipients. The County must monitor single audit reports of these sub-recipients.
Condition:	Allegan County does not have any such procedures in place.
Recommendation:	We recommend that the County obtain and review audit reports for all sub-recipients, and follow up with the sub-recipient on any findings.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2004-1

U.S. Department of Housing and Urban Development

CFDA #14.228 (Major Program)

Condition:	The County of Allegan, as part of the grant agreement, is required to prepare and submit progress reports quarterly and expense reimbursement requests at least quarterly to the Michigan State Housing Development Authority. The reports are due on the 15 th day of the month following the quarter-end. The county has failed to submit all of these required reports.
Status:	Corrective action was taken.

ALLEGAN COUNTY, MICHIGAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Finding 2004-2

Condition:

The County of Allegan did not reconcile their bank statements to the general ledger.

Status:

Corrective action was taken, although as noted in Finding 2005-1, the journal entries created by this process were not posted throughout the year, resulting in the need for a significant adjustment at year end.



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

June 23, 2006

Board of Commissioners
Allegan County
Allegan, Michigan

County Commissioners:

In planning and performing our audit of the financial statements of Allegan County for the year ended December 31, 2005, we considered the County's internal controls to determine our auditing procedures for the purpose of expressing an opinion of the financial statements and not to provide assurance on the internal controls.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the County's internal control in our report dated June 23, 2006, on the financial statements of Allegan County. This letter does not affect our report dated June 23, 2006 on the financial statements of Allegan County.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, perform any additional study of these matters, or to assist management in implementing the recommendations. Our comments are summarized as follows:

TAX COLLECTION PROCEDURES

We noted during our audit that the County Treasurer's department does not separately identify tax collections from the July and December levies. Since the July tax levy is intended to finance operations of the current fiscal year, governmental GAAP requires that any collections received during the first 60 days of the subsequent fiscal year be recognized as revenue in the current fiscal year. However, because the County does not currently have a mechanism to separately track the July levy, this revenue was deferred along with the December levy, resulting in a lower ending fund balance than should be reported. While we have determined that this condition did not materially misstate the financial statements, we nevertheless recommend that the County implement a coding process to separately track the July in December levies in its accounting system in 2006.

We would like to thank the staff of the County for their assistance and cooperation during the audit. We look forward to working with you on future engagements.

This information is intended solely for the use of the Board of Commissioners and management of Allegan County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style. The first name "Lehmann" is written with a large, prominent 'L' and the last name "Johnson" follows in a similar cursive script.